Panda Motors shutting down U.S. unit, looking for partner

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Panda Motors Corp., the fledgling Chinese automaker, told its U.S. employees last week it is phasing out U.S. operations while it attempts to find a "major partner" to support the project.

Panda planned to establish the largest auto making plant in China by the end of this year with help from its U.S. offices, which would supply engineering, manufacturing and product planning expertise.

But the automaker has had trouble finding investors, a source said. And it has not been able to secure a licensing agreement with another automaker that would allow Panda to revive an out-of-production vehicle.

Because of low investor interest in providing additional funds, Panda has chosen to cut its costs and concentrate its operations in Hong Kong and China. The company also made several management changes.

Panda has named Sung-Kyun Moon, president of Tong-Il, a Korean auto components and machine tool producer, as its president. Panda is backed by members of the Unification Church, founded by the Rev. Sun Myung Moon. Church members also hold 28 percent of Tong-Il.

Sung-Kyun Moon's appointment is intended to give Panda the automotive expertise it needs to complete the project. Former Panda President Dr. Charles Kim was named vice chairman. Dr. Bo Hi Pak remains Panda's chairman and chief executive officer.

> Panda's U.S. offices include an executive office in Vienna, Va., an engineering office in Troy, Mich., and a former General Motors' stamping plant in Fairfield, Ohio.

In a statement to employees, Pak cited world overproduction of vehicles and a changing global marketplace as reasons for the consolidation of Panda's resources to Asia.

"The world situation is changing rapidly, and the overproduction of vehicles is having its influence on the size and availability of the marketplace," the statement said.

"To consolidate our resources and to make the best use of our investment, Panda is actively seeking a major partner to participate with us in our China enterprise. To support this strategic objective, our focus will emphasize China and Hong Kong, with less influence resident in the United States," said Pak.

The source said Panda has had problems attracting investors because of the opening of East Europe to capitalism and the impending European economic unification in 1992 has shifted interest from Asia to Europe. In addition, Japanese investors have been nervous because of dramatic losses in the Japanese stock market since last fall.

But the sources said Panda feels that if it brings on a major partner — such as another automaker — there would be a duplication in efforts for Panda's engineering and manufacturing functions now being done in the United States.

Panda's U.S. offices include an executive office in Vienna, Va., an engineering office in Troy, Mich., and a former General Motors' stamping plant in Fairfield, Ohio. Panda purchased the plant in January 1990. During negotiations, Panda said it only wanted to purchase the equipment but GM would only agree to the deal if the building were sold, too.

Panda is in the process of building a plant in Dan Shui, China, that would produce 300,000 vehicles a year, 10 times the number of vehicles produced annually at China's largest operating auto plant, Volkswagen-Shanghai. The vehicles would most likely be small sedans and pickups.

The company was expected to make a product announcement last month, but it didn't.

Staff Correspondent Stephen Vines in Hong Kong contributed to this report.

Yugo goes hunting at NADA again

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Yugo America is staging a modest, no-frills dealer recruitment effort at this week's National Automobile Dealers Association convention in Atlanta.

The convention has been the site of some of the highest highs and lowest lows in Yugo's short history. The company jettisoned about 100 of its 265 dealers — many by mutual agreement — after announcing its bankruptcy at the NADA convention in New Orleans two years ago.

But the company has eaten a lot of humble pie since then, and now Yugo has decided it's time to add a few dealers, said John Spiech, Yugo's president and chief executive officer. Spiech joined Yugo about three months after the bankruptcy.

Spiech said Yugo has added about 15 dealers in the last few months, but the company eventually needs about 120 more for a total of about 300.

He said Yugo has no plans for a three-ring circus at NADA. Its only scheduled events are a make meeting and a reception open to anyone with an NADA badge.

"I don't care how big they (dealers) are or how small they are. I'm not looking for a huge facility. Put us in whatever you have. All we ask is that you just represent us well," Spiech said.

> ❛ I don't care how big they are or how small they are. I'm not looking for a huge facility. Put us in whatever you have. All we ask is that you just represent us well. ❜
>
> **John Spiech**
> Yugo America

Yugo spokesman Zoran Basaraba said the strategy represents "a different approach for us, to try and project an image that's more in line with our product. We want to keep people's expectations under control."

Yugo has a history of eventful NADA conventions:

- Yugo America was unveiled with a flourish at the 1985 convention in San Francisco.
- Yugo founder Malcolm Bricklin, with much hoopla, announced the formation of Global Motors at the 1987 convention in Las Vegas. Yugo's new parent company also planned to import cars from Malaysia, along with "other quality automobiles" to be announced. None ever arrived.
- In 1989, about eight months after Bricklin sold his controlling interest, Global Motors crashed and burned. Out of the bankruptcy ashes, Yugo America emerged a year later as a subsidiary of Zastava, the Yugoslavian manufacturer.
- Just in time for the NADA convention in Las Vegas last year, Yugo paid its remaining dealers about $1.7 million, representing 50 cents on the dollar toward dealer IOUs.

Yugo is slated to pay its dealers another 25 cents on the dollar when it sells another 20,000 cars. The countdown began one year ago.

But Yugo sold just 6,359 cars in 1990, down about 40 percent from the previous year. That was less than half the 1990 volume Yugo predicted in its bankruptcy reorganization plan.

Spiech said Yugo's main problems continue to be the mistaken belief that Yugo never made it out of U.S. Bankruptcy Court and Yugo's poor quality reputation.

As a result, financing is a third major difficulty, both for dealer floorplanning and for retail customers, he said.

In an effort to address all three problems, Yugo recently mailed a promotion to 500 bankers nationwide. It stresses that Yugo is still in business, that it has Zastava's financial backing and that hundreds of improvements have been made to the Yugo car since it was introduced.

DOMESTIC CARS, DAYS' SUPPLIES

	Feb. 1, 1991	Jan. 1, 1991	Feb. 1, 1990
Summit	283	180	—
Talon	132	127	41
Premier	222	130	143
Total Eagle	**140**	**135**	**82**
Horizon	288	134	140
Laser	483	212	93
Sundance	180	94	63
Reliant	—	—	66
Acclaim	152	63	59
Total Plymouth	**95**	**88**	**75**
LeBaron A	354	187	662
LeBaron J	188	102	93
LeBaron GTS	—	—	98
Fifth Avenue (rwd)	—	—	46
Fifth Avenue (fwd)	194	90	70
Imperial	157	59	62
New Yorker C	227	126	74
Total Chrysler	**103**	**104**	**84**
Omni	236	136	142
Shadow	193	102	50
Monaco	166	35	688
Daytona	450	217	120
Spirit	187	77	75
Dynasty	101	41	47
Total Dodge	**81**	**73**	**72**
CHRYSLER CORP.	**93**	**87**	**76**
Escort	90	99	95
Mustang	127	111	88
Tempo	67	65	62
Taurus	67	59	56
Thunderbird	133	97	82
Probe	230	233	127
Crown Victoria	84	39	59
Total Ford Div.	**91**	**80**	**77**
Topaz	83	76	72
Sable	78	73	59
Cougar	114	75	85
Grand Marquis	110	118	54
Total Mercury	**95**	**86**	**65**
Continental	59	31	49
Town Car	51	23	59
Mark VII	119	74	80
Total Lincoln	**57**	**27**	**58**
Total L-M Div.	**79**	**57**	**63**
FORD MOTOR CO.	**87**	**72**	**72**
Skyhawk	—	—	74
Somerset/Skylark	57	70	46
Century	62	63	77
Regal	93	91	123
LeSabre	143	108	67
Reatta	72	73	176
Electra/Park Ave.	102	79	78
Riviera	146	144	91
Total Buick	**91**	**84**	**75**
Allante	217	100	91
Seville	39	59	54
DeVille	58	52	62
Brougham	114	79	87
Eldorado	136	76	87
Total Cadillac	**66**	**59**	**67**
Geo Prizm/Nova	91	54	97
Cavalier	68	82	42
Camaro	182	170	104
Celebrity	3	60	124
Corsica/Beretta	173	102	96
Lumina/Monte Carlo	92	82	70
Caprice	136	120	52
Corvette	118	53	97
Total Chevrolet	**89**	**79**	**72**
Calais	101	47	82
Cutlass Ciera	90	67	71
Cutlass Supreme	91	56	100
88	94	80	98
98	68	53	107
Toronado	155	65	101
Total Oldsmobile	**91**	**61**	**90**
Sunbird	94	60	38
Firebird	198	233	102
Grand Am	104	92	57
Pontiac 6000	121	74	72
Grand Prix	109	78	124
Bonneville H	107	86	82
Total Pontiac	**109**	**84**	**70**
Total Saturn	**60**	**24**	**—**
GENERAL MOTORS	**90**	**75**	**74**
HONDA	**88**	**70**	**39**
MAZDA	**94**	**99**	**79**
MITSUBISHI	**109**	**124**	**27**
NISSAN	**92**	**62**	**107**
TOYOTA	**55**	**27**	**36**
SUBARU	**187**	**125**	**—**
DOMESTIC TOTAL	**89**	**74**	**70**
Subcompact	**78**	**60**	**55**
Compact	**95**	**86**	**55**
Intermediate	**80**	**76**	**79**
Standard	**121**	**69**	**68**
Specialty	[illegible]	**61**	**110**
Luxury	[illegible]	**—**	**—**

Car inventories shoot skyward as sales dry up

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

Slow sales have resulted in bulging inventories for most domestic and imported cars sold in the United States.

Even though January had one more selling day than December, 26 compared to 25, combined sales of domestic and imported cars fell 14.85 percent, and the supply of unsold cars rose to 95 days on Feb. 1, compared to 75 on Jan. 1.

Domestic cars fared better than the imports in terms of days's supply. There were 1,432,859 unsold domestic cars on hand Feb. 1 — an 89-day supply, up from 74 days the previous month. The imports faced an 111-day supply and 587,988 unsold units on hand. On Jan. 1, the imports had a 77-day supply.

Isuzu was the days-supply leader by far, sitting on an 897-day stock — 2½ years.

Mitsubishi Motor Sales of America Inc. cut its inventory to a 72-day supply from 92 days on Jan. 1. The figures include both imported and U.S.-built cars.

Among the Big 3, Chrysler Corp. had the highest days' supply — 100 days. General Motors had a 94-day supply; Ford Motor Co.'s stockpile represented a 92-day supply.

Forty-three domestic nameplates had a supply of 100-days-plus.

Toyota Motor Sales U.S.A. Inc. had a 39-day supply of domestic and imported cars, lowest of the Big 3 and transplant companies. But Toyota's days' supply was up from 24 days on Jan. 1.

IMPORTED VEHICLES, DAYS' SUPPLIES

	Feb. 1, 1991	Jan. 1, 1991	Feb. 1, 1990
Car			
Chevrolet	213	207	82
Chrysler	227	185	123
Dodge	85	82	—
Acura	82	65	67
Daihatsu	52	57	59
Honda	80	50	50
Infiniti	86	40	—
Isuzu	897	569	193
Lexus	32	14	30
Mazda	62	72	61
Mitsubishi	152	73	49
Nissan	190	101	105
Subaru	98	71	127
Suzuki	137	155	252
Toyota	54	37	50
JAPAN	**102**	**67**	**75**
Audi	285	174	162
BMW	85	103	87
Mercedes-Benz	70	26	50
Mercury	151	133	47
Porsche	234	63	94
Volkswagen	224	178	143
GERMANY	**160**	**105**	**100**
Alfa Romeo	195	144	186
Ford	192	167	95
Hyundai**	86	83	59
Jaguar	150	27	44
Peugeot	68	81	98
Pontiac	67	70	164
Eagle/Chrysler	358	36	66
Saab**	60	53	51
Sterling	58	60	75
Volvo	145	118	63
Yugo	69	11	85
Other Countries	**113**	**86**	**71**
Total Import Cars	**111**	**77**	**77**
Truck			
Daihatsu	60	52	37
Geo Tracker*	119	122	139
Isuzu*	225	118	136
Mazda	100	93	74
Mitsubishi	70	41	89
Nissan*	80	103	99
Range Rover	67	65	45
Suzuki	124	170	171
Toyota	47	34	41
Dodge	153	77	127
Total Imp. Trucks	**91**	**75**	**90**
Total Imp. Vehicles	**106**	**77**	**86**

*Includes domestic vehicles.
**Estimated

Honda, Toyota franchises top Power wish list

By Liz Pinto
AUTOMOTIVE NEWS STAFF REPORTER

The three most desirable franchises to own are Honda, Toyota and Mercedes-Benz, according to a new J.D. Power and Associates Dealer Attitude Study.

The study asked 12,000 dealers to name the franchise they would most desire to own other than the ones they own currently. More than 3,000 responded.

The three domestic makes in the top 10 were Ford (fourth), Chevrolet (fifth) and Cadillac (seventh).

Chrysler's franchises were rated from bad to worse, with its Jeep line placing 22nd in desirability out of 40 automotive franchises and Eagle showing up in the 35th slot. Only 2 percent of responding dealers voted the Eagle franchise an "excellent" franchise to own.

Chrysler-Plymouth dealerships placed 31st. But John Paladino, owner of Bronx Chrysler-Plymouth in New York City, says he wouldn't trade his dealership for the No. 1-ranked franchise.

"A Honda dealership is more desirable because it has a high profitability level because people are stupid," he said. "Hondas are pieces of junk just like anything else. They're no better than Chryslers, but people have a fixation about them in their heads. I make money, Chrysler is a good automobile and it's American, and that's what's important. I think it's awful dealers would want to own a Japanese dealership."

Paladino is in the minority on that issue.

Chip King, sales manager for Manchester Honda in Manchester, Conn., says dealers want Honda franchises "because the product is going to be there year after year after year. Since 1982, Honda has been the franchise to own."

> ❝ A Honda dealership is more desirable because it has a high profitability level because people are stupid. Hondas are pieces of junk just like anything else. ❞
>
> **John Paladino**
> Bronx Chrysler-Plymouth

The newest franchise member, Saturn Corp., was voted 24th, with only 10 percent of responding dealers rating the desirability of that franchise "excellent," compared to a 76 percent "excellent" rating for Honda.

FRANCHISE DESIRABILITY

Chart ranks franchises by percent of non-handling dealers who rate it "excellent." Chrysler Corp. franchises highlighted.

	Pct.
Honda	76
Toyota	71
Mercedes-Benz	57
Ford	54
Chevrolet	53
Lexus	47
Cadillac	42
Acura	40
Mazda	39
Nissan	37
BMW	33
Buick	33
Lincoln-Mercury	29
GMC	26
Mitsubishi	24
Geo	23
Pontiac	22
Volvo	22
Jaguar	19
Oldsmobile	16
Infiniti	18
Jeep	**12**
Volkswagen	11
Saturn	10
Porsche	10
Range Rover	8
Isuzu	6
Audi	5
Dodge	**5**
Saab	4
Chrysler/Plymouth	**4**
Hyundai	3
Subaru	3
Daihatsu	3
Eagle	**2**
Suzuki	1
Peugeot	1
Alfa Romeo	1
Sterling	1
Yugo	1

Source: J.D. Power and Associates

Steve Norris, general manager of Saturn of Sunnyside in Cleveland, attributed the mediocre ranking to Saturn's newness.

"It's just a matter of time before the public becomes more educated about Saturn," Norris said. Saturn "had problems in the beginning, but they didn't ship the problem out the door. That's commitment. They're not looking for short-term profits, but rather the long-term customer."

Low-volume imports were the least desired franchises. There was a five-way tie for last place, with Suzuki, Peugeot, Alfa Romeo, Sterling and Yugo each receiving only a 1 percent "excellent" response. Of those importers, Suzuki sold the highest U.S. volume in 1990, with 20,504 cars and light trucks. Low-volume, exotic franchises were not included in this survey.

According to dealers, only strong, profitable car lines can be expected to survive in the "jungle-warfare automotive marketplace of the 1990s," the study reported.

CAW tackles Hyundai Canada; work rules and pensions cited

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

The Canadian Auto Workers union has begun an organizing drive at Hyundai Auto Canada Inc.

This is the first union test of a non-Big-3-related Asian transplant auto factory in Canada. The 600-employee plant began producing the Hyundai Sonata in 1989.

Union organizers in the Hyundai campaign said that a victory in an election could still be months away. Under Canadian law, the union is recognized without an election when more than half of the eligible workers sign union-certification cards.

Organizers said the drive's central issues have been work rules and the company's recently adopted sliding-scale pension plan. According to company policy, higher wage earners will receive a larger percentage of their annual salary upon retirement than lower wage earners.

Workers at the plant currently earn $12 ($10.37 U.S.) to $18 ($15.54 U.S.) an hour.

In comparison, average Big 3 hourly wages are $18 for CAW-represented assembly workers and $22 ($19 U.S.) for skilled workers, a CAW spokeswoman said.

Organizers said work rules also have been a key issue. Jack Denis, a CAW representative on the project, claimed that some Hyundai workers are unhappy with the company's practice of moving employees freely from job to job.

CAMI Inc., a 50-50 joint venture between General Motors and Suzuki Motors Ltd. in Ingersoll, Ontario, is unionized. Volvo AB also operates a small CAW-represented assembly plant in Nova Scotia.

Honda Motor Co. and Toyota Motor Corp. both operate non-union car plants in Ontario.

Hyundai Canada builds Sonatas for California

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

Hyundai Auto Canada Inc., the North American manufacturing arm of South Korea's Hyundai Motor Corp., has begun building California-specification Sonatas.

The move is expected to increase production by at least 10,000 units at the Bromont, Quebec, plant this year. Those models, equipped for different engine and fuel emission requirements, were previously supplied from South Korea.

With the additional output, Hyundai expects to increase Canadian production by at least 24,000 units this year.

The production increase, to approximately 50,000 units annually, will enable the Bromont, Quebec, plant to supply all North American sales of the Sonata sedan.

A Hyundai spokesman said the Bromont plant expects additional production from a projected increase of 4,000 sales in Canada. Last year's total was about 7,000.

The remaining growth will represent increased Sonata sales in the United States, the spokesman said. Last year, Hyundai sold 29,840 Sonatas in the United States.

Hyundai Auto Canada does not plan to export vehicles to any country other than the United States this year. Approximately 1,000 were shipped to an independent distributor in Taiwan last year.

The expected production increase would effectively place Hyundai Auto Canada at the level projected earlier. It had appeared that the plant would fall short of its production goal.

A plan to supply Chrysler Corp. with approximately 10,000 Canadian-made Sonatas a year fell through when Chrysler canceled the arrangement.

Hyundai considered the possibility of adding a second, higher-volume product at the plant to compensate for the setback, but no plans have been finalized.

Hyundai recently opened an $85 million sheet-metal stamping operation in Bromont. It enabled the transplant to begin purchasing North American steel for the Sonata.

A total of 32 metal parts and body panels will now be produced on site using North American-sourced steel, the spokesman said.

Bill would strip Congress of CAFE control

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The auto industry has been arguing that any increase in fuel economy standards should be part of an overall energy bill. And last week, the industry got its wish.

A comprehensive energy bill introduced in the Senate would authorize the Department of Transportation, rather than Congress, to increase the corporate average fuel economy standard.

The bill, introduced by Sen. J. Bennett Johnston, D-La., would boost CAFE to the "maximum feasible" level determined by the secretary of transportation for the 1996 to 2001 model years. CAFE would be set again for 2002 and beyond.

Johnston's bill is far less stringent than other CAFE legislation introduced this year. A bill reintroduced by Sen. Richard Bryan, D-Nev., and three bills in the House of Representatives would force automakers to increase their CAFE scores 20 percent by the 1996 model year and 40 to 60 percent by 2001.

Japanese manufacturers are particularly opposed to the percentage increases because, as the companies with the highest CAFE scores, they would be required to make the biggest increases.

Although Johnston's bill is more lenient, the Japanese are still likely to oppose it because it also would mandate percentage increases.

All automakers now must meet the same 27.5-mpg CAFE.

Under Johnston's bill, the transportation secretary would make several assumptions in setting the standard:

- Automakers would use all known fuel-saving technologies.
- Vehicles would maintain 1990 model-year CAFE performance levels, and the size mix would stay the same.
- Vehicles would meet all emissions and safety standards.

Separate standards would be set for each manufacturer and each broad vehicle class — cars, light trucks and other truck classes.

The transportation secretary would determine the percentage increase achievable by all vehicles in the class and would apply that percentage to each manufacturer.

For each tenth of a mile per gallon below the standard, an automaker would be fined $20, multiplied by the number of vehicles in that class that the manufacturer built during the model year. The current multiple is $5.

Saturn production grows, now matches sales demand

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

NASHVILLE, Tenn. — Saturn Corp.'s production is accelerating rapidly, but it still is months behind schedule.

The Spring Hill, Tenn., factory produced 3,904 cars in January — more than double the December output of 1,620. At that rate, Saturn says it is producing enough to satisfy current sales demand. Saturn sold 886 cars in the 10-day period ended Jan. 31, bringing its total for the month to 1,520.

But production bottlenecks and quality precautions continue to hold the new $1.9 billion plant as much as four months behind earlier schedules.

When Saturn began pilot production last June, plans called for a volume of about 4,000 units a month by last October and more than 8,000 a month by January, according to internal documents obtained by *Automotive News*.

"We are still increasing our production levels to meet customer needs," said plant spokeswoman Nicole Merritt.

The company denied reports that labor shortages had also put Saturn behind schedule in hiring a planned second shift.

The company expects to complete hiring of 1,000 additional second-shift workers in time for a scheduled spring startup, Merritt said. The automaker now employs 4,300 at the Tennessee operation and has been adding about 250 persons a month.

The company will not say how many of the necessary 1,000 workers remain to be hired.

By agreement with the UAW, Saturn has limited hiring to General Motors personnel and has given first priority to laid-off GM workers. About 2,000 of the more than 3,200 factory workers were recruited from GM's pool of laid-off employees.

Merritt said Saturn still has about 15,000 applications from which to choose the remaining workers. About 4,000 are from laid-off workers, company spokesman Bruce MacDonald said.

While the second-shift hiring is taking place, Saturn has assigned 100 to 150 temporary contract workers to plant-support functions, he said. They are employed by Premier Cleaning Contractors Inc. of Cincinnati and are represented by the UAW. They will be replaced after three months.

Premier also provides a range of janitorial and plant maintenance and industrial support services to other auto plants. They include New United Motor Manufacturing Inc., GM's joint venture with Toyota Motor Corp. in Fremont, Calif., and Diamond-Star Motors Corp., the joint venture of Chrysler Corp. and Mitsubishi Motors Corp. in Normal, Ill.

Ford, Chrysler offer dealer diagnostic systems

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

Morey Church, Ford Parts and Service Division technician, demonstrates the new Service Bay Diagnostic System.

Ford Motor Co. and Chrysler Corp. are marketing new computerized service diagnostic systems for their dealers in the United States.

Both units — Ford's Service Bay Diagnostic System and Chrysler's Mopar Diagnostic System — and their programs are being launched at the National Automobile Dealers Association Convention and Exposition in Atlanta this week.

Both automakers are relying on the systems to improve customer satisfaction by increasing service technicians' ability to diagnose and remedy malfunctions in today's electronically controlled vehicles on the first try. The systems also are expected to reduce repair time and increase shop productivity.

"There is no substitute for a knowledgeable technician when it comes to performing repairs and satisfying customers," said Lee R. Miskowski, general manager of Ford Parts and Service Division. "The diagnostic system is a powerful tool designed to help technicians keep pace with the continuing growth of sophisticated vehicle systems."

Tom McRea, manager of dealer development for Chrysler's Service and Parts Operation, agrees.

"The Mopar system helps keep service people on top of technology as increasingly complicated onboard electronic controls are engineered in today's more sophisticated vehicles," he said.

The personal computer-based units are similar to General Motors' Computerized Maintenance System. The Chrysler and GM systems use IBM computers; Ford went to Hewlett-Packard Co. for its hardware.

The price of the Ford Service Bay unit is $35,000. Ford also has a rental plan where dealers can rent units for as low as $19,000 a year. The rental fee is geared to the size of the dealership.

Chrysler's diagnostic unit, which dealers are required to have in their service departments, is being offered under a lease program, with monthly rates ranging from $295 to $595 a month, depending on dealership size and usage.

"We decided to go the lease route because we didn't want to stick the dealer with a piece of obsolete equipment down the road," McRea said. "What dealer doesn't have a piece of obsolete equipment that no longer applies to today's technology?"

GM's unit costs $17,879. A dealer with multiple GM franchises pays $1,070 for a unit for the second franchise, $385 for the third, $380 for the fourth and $171 for the fifth.

Ford dealership installations begin March 1. About 1,500 dealerships will have the system installed by year end, according to J. Frank Kery, manager of diagnostic service planning for the Parts and Service Division.

Comprehensive hands-on training will be provided for technicians. Most of the training will be held at the dealership and will include a system overview, application of diagnostic tools, data interpretation, access to technical information and troubleshooting, Kery said.

The Ford unit, Kery said, is designed to address the two most frustrating service occurrences — intermittent problems and hard-to-find problems — in the base engine, electronic engine controls and ignition and fuel systems.

While the diagnostic unit is most effective when connected to a two-way data communication link presently available on certain late-model Ford, Lincoln and Mercury vehicles, Kery said the system also is able to provide up-to-date service repair information from bulletins and shop manuals, as well as various measurement functions on vehicles with EEC-IV built since 1986.

Kery said that by 1995, approximately 75 percent of the company's vehicles on the road will be equipped with the communication link.

The Mopar unit combines computers on the vehicle, monitors in the service bay and a satellite to find and fix problems.

Chrysler's unit not only diagnoses electronic systems, but also gives a step-by-step repair procedure if a problem is detected. It also allows access to any page from the company's technical information library or automated parts catalog. The system is starting out with 1987 through 1990 model service procedures and has the capability to be updated.

McRea said the Mopar unit will access the circuits of electronic fuel injection, charging system, engine control and body computers, instrument cluster, air bag and seat restraint systems, security system, anti-lock brakes and electronic transmission, load levelers and air suspension on Chrysler vehicles.

Service index rises 5.7% in 1990

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

Despite registering its sharpest drop of the year in December, new-car dealers' service and parts business for all of 1990 recorded a moderate gain, according to the Automotive News Service Index.

Shop volume in dealerships across the country in 1990 amounted to 105.7 percent of the business for all of 1989. Service and parts business for all of 1989 was 101.4 percent of the volume in 1988.

December's volume dipped to 95.4 percent of the parts-service business recorded in the year-earlier month, marking the largest monthly decline since September 1989, when volume was 95.3 percent of the year-earlier total. December also marked the first time since July that shop business failed to top the year-earlier volume.

SERVICE INDEX
95.4*

	Dec., '90 vs. Dec., '89	Jan.-Dec., '90 vs. Jan.-Dec., '89
Gross Profit on All Labor and P&A Sales	+ 1.5%	+ 5.8%
Repair Orders Written	– 7.8%	– 0.6%
Total Labor Sales (Customer & Warranty)	– 2.9%	+ 7.6%
Shop Parts Sales (Customer & Warranty)	– 0.4%	+ 6.7%
Sales of All P&A	– 9.0%	+ 4.2%

* Survey by Automotive News shows that dealers' service and parts business in December 1990 was 95.4 percent of business in December 1989. Service business in 1990 was 105.7 percent of business in the corresponding period in 1989.

All indicators used in the Service Index, except repair orders written, made gains in 1990.

But in December, all indicators, except gross profit on all labor, parts and accessories — the most important indicator to dealers — were down.

Gross profit was up 5.8 percent for the year and 1.5 percent in December, while total labor sales (customer-paid and warranty) were up 7.6 percent for the 12-month period and were down 2.9 percent for December.

Shop parts sales (customer-paid and warranty) rose 6.7 percent for the year, but dipped 0.4 percent for December. Sales of all parts and accessories climbed 4.2 percent for the year, but declined 9.0 percent in the final month. Repair orders written dropped 0.6 percent for 1990 and 7.8 in December.

Figures used in the Service Index are compiled from monthly reports on service and parts business from a cross-section of the nation's new-car dealers.

Nissan cuts prices to fight non-OEM parts

CARSON, Calif. — Nissan Motor Corp. in U.S.A. has joined the battle against the use of non-original equipment parts in repairing vehicles by announcing a 33 percent price reduction in the suggested list price of 51 key bumper components.

The parts involved include bumpers, bumper covers and bumper reinforcements for selected Nissan vehicles.

Nissan becomes the second automaker and one of the first import original equipment manufacturers to cut component prices in the fight against the use of non-original equipment components by service facilities to repair vehicles involved in collisions.

Last year Ford Motor Co. reduced list prices an average of 14 percent on nearly 200 crash parts used in collision work.

The parts involved in the price cuts compete against non-original equipment sheet metal and plastic components certified by the Certified Automotive Parts Association and by insurance companies.

Jerry Butts, general manager of Nissan Parts and Service Division, said: "Nissan has been able to reduce prices on these select parts through continually improving inventory control and operating efficiency, as well as garnering cooperation from our suppliers. A number of recent developments in our industry have pressured shops to use cheaper non-original equipment parts, regardless of quality."

This movement to less-expensive non-original equipment parts has been opposed by collision repair shops, particularly those that have established a customer clientele based upon craftsmanship and reputation, Butts said.

"Customers don't always know that their car is being repaired with parts of less than original-equipment quality," Butts said. "This price reduction will help to ensure customer satisfaction in a marketplace that is being dictated primarily by price."

SERVICE BRIEFS

Ford ups repair times

DEARBORN, Mich. — Ford Motor Co. plans changes in its warranty labor standards for heavy trucks that will increase the time allowed for some major operations.

The revisions, expected to be announced in March, also will include time allowances for operations such as diagnostics and road testing, according to Norbert Reese, service and fleet support manager for Ford Parts and Service Division.

According to Reese, about two-thirds of the approximately 600 operations listed in the time standard book for heavy trucks are being studied, with a "majority probably being increased."

New warranty for Hino

ORANGEBURG, N.Y. — Hino Diesel Trucks (U.S.A.) Inc. is offering a new standard warranty for the 1991 model year.

The warranty includes basic vehicle coverage of 24 months/unlimited mileage, engine coverage of 36 months/unlimited mileage, anticorrosion perforation coverage of 48 months/unlimited mileage, frame and crossmember coverage of 48 months/unlimited mileage [illegible] towing coverage of 24 months/unlimited mileage.

Hino also announced new parts warranty coverage for six months/unlimited mileage for replacement parts and 12 months/unlimited mileage for major component assemblies and air conditioner kits. Hino also introduced an extended powertrain warranty with coverage through the fifth year of use.

Western Auto expands

KANSAS CITY, Mo. — Western Auto Stores, a subsidiary of Sears, Roebuck and Co., will offer an automotive retail franchise under the name of Auto America in select markets.

The franchise has been developed specifically for medium markets not currently served by an automotive superstore, according to John Barlow, president and chief executive officer of Western Auto.

Modeled after Western Auto's four-stores-in-one strategy, Auto America will include a discount automotive parts store, a tire store, an accessory shop and a service center, according to Barlow. Fifteen stores are planned for 1991.

CAPA suspends firm

WASHINGTON — The Certified Automotive Parts Association has suspended one Taiwanese crash parts manufacturer for a minimum of nine months and has placed three others on probation for failing to meet the association's standards.

Chang Fu Cheng Enterprise Co. Inc. has been notified of the suspension and the decertification of 47 parts, resulting from failure to pass the association's annual quality approval inspection and because of the high number of complaints and decertified parts.

To re-enter the certification program, the parts firm must reapply as if it were entering the program for the first time.

Firms placed on probation for 30 days are Gordon Auto Body Parts Co. Ltd., Conjoin Key Industries Co. Inc. and Haur Tay Enterprises Co. Ltd.

If the companies fail to meet the association's quality re-approval process criteria within the 30 days, they, too, will be suspended from the program.

AROUND THE WORLD

Ford keeps Australia sales lead despite Japanese gains

By Pedr Davis
SPECIAL CORRESPONDENT

AUSTRALIAN CAR MARKET SHARES

	1989 Percent	1990 Percent
Ford	26.97	24.94
GM-H	20.91	19.66
Toyota	15.07	17.52
Nissan	9.62	11.24
Mitsubishi	11.23	9.88
Others	16.2	16.76

SOURCE: Paxus Corp. Ltd.

AUSTRALIAN TOTAL MARKET SHARES
Includes passenger cars and light trucks

	1989 Percent	1990 Percent
Ford	24.21	22.66
GM-H	17.49	17.41
Toyota	18.76	20.86
Nissan	11.10	11.78
Mitsubishi	11.92	10.54
Others	16.52	16.75

SOURCE: Paxus Corp. Ltd.

SYDNEY, Australia — Ford Motor Co. of Australia retained its position as the country's sales leader last year, but lost nearly 2 points of overall market share to Japanese marques led by Toyota Motor Corp.

According to Paxus Corp. Ltd., which compiles data on the Australian market, combined passenger-car and light-truck sales rose 1.6 percent last year, to 617,298 units, despite a steep downturn in the final three months. Ford, the country's traditional sales leader, fell to a 22.66 percent share from 24.21 percent in 1989 as No. 2 Toyota gained 2 points, to 20.86 percent, on the strength of solid demand for both its cars and trucks.

According to the Paxus data, Ford also lost share in the key passenger-car segment, which accounted for more than 75 percent of Australia's total vehicle sales last year, or 462,500 units. Although Ford still accounted for a commanding 25 percent share of that market, it was down 2 points from 1989.

In the same period, Toyota's share jumped 2.5 points, to a third-place 17.52 percent, while No. 4 Nissan rose to 11.24 percent of the market from 9.62 percent.

No. 2 GM-Holden slid more than a point, to 19.66 percent of the market, while No. 5 Mitsubishi fell to 9.88 percent from 11.23 percent.

"Australia's market is notoriously influenced by new releases," said one Sydney-based analyst. "Toyota introduced an average of one new model every five weeks last year, and this paid off in increased share. Mitsubishi, on the other hand, offered nothing new, and lost share."

According to industry data, the most popular passenger models last year were the Holden Commodore, Ford Falcon, Ford Laser, Toyota Camry, Mitsubishi Magna, Toyota Corolla and Nissan Pulsar, in that order.

Ford finished the year 24,401 passenger cars ahead of Holden and 34,400 units ahead of Toyota. But Toyota sold more four-cylinder cars than any other marker.

Toyota also took a commanding lead in the commercial vehicle market with a 30.9 percent share, including a 40.4 percent share of the four-wheel-drive market.

Sales of four-wheel-drive vehicles boomed last year, rising to 66,329 units, or 11 percent of total sales. The most popular 4 × 4 model was the Toyota Land Cruiser, followed by the Toyota Hilux.

The locally-made Ford Capri outsold Mazda's Miata by 3-to-1. The locally-made Ford Fairlane was the top-selling luxury car, with 5,774 registrations.

Compared with the previous year, the European segment of the 1990 market fell by 25 percent, to 13,912 units.

Only two makers managed a sales increase — Volkswagen AG's Audi unit and Automobiles Citroen. Fourteen others, ranging from Mercedes to Ferrari, slumped.

Worst hit was Fiat, which plunged 92 percent. It was followed by Ferrari, down 84 percent.

Outboard Marine expands pact on Orbital 2-stroke

SYDNEY, Australia — Orbital Engine Corp. said last week it has signed a new agreement with Outboard Marine Corp. that expands Outboard's rights to use Orbital's two-stroke engine technology.

Under the accord, Outboard also will purchase an undisclosed number of marine engines made at Orbital's manufacturing plant in Tecumseh, Mich. Value of the agreement was not disclosed.

Outboard Marine signed its first agreement with Orbital's founder, Ralph Sarich, in 1986 and has since run its own development program. However, the marine engine maker said it has decided to use the improved technology developed by Sarich's research center in western Australia.

The new accord gives Outboard access to Orbital technology developed since 1986.

"We have conducted extensive research in the field of advanced two-cycle engine designs," said Outboard President James C. Chapman. "Based on that research, we believe Ralph Sarich and his engineering staff have produced fuel-injected two-cycle systems that are technologically superior to any others in development today."

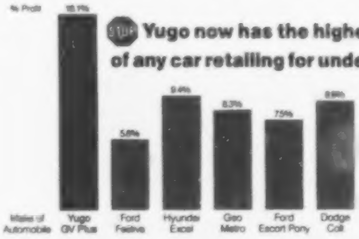
Chapman said that under the accord, Outboard will have the right to purchase Orbital's X-series automotive engine — the unit to be produced in Tecumseh.

Orbital spokesman Steve Hill declined to say how many marine units are involved in the agreement, but he said the technology is suitable for all engines that Outboard Marine manufactures.

— **Pedr Davis**

Why dealers no longer consider Yugo to be a four letter word.

It doesn't take heavy research to figure out why Yugo's picked up a lot of dealers recently. All you have to do is read the newspaper to figure out the economy isn't what it used to be. Add that to the fact that Yugo's the only car available for under $5000†, and it's just a simple case of being in the right car at the right time.



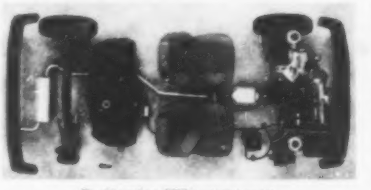
Yugo now has the highest profit margin** of any car retailing for under $10,000—16.1%. Plus being a Yugo dealer requires a low investment and no separate Taj Mahal.

Yugo America, Inc. is now a U.S. subsidiary of its Yugoslav manufacturer, Zastava. Which to Yugo means the extra backing of a couple of billion dollars. And to you it means Yugo's not only a better car, it's a better car company.

Zastava's presence also means Yugo now has better parts support; in fact, Yugo's initial fill rate for calendar year 1990 was 93%. Additionally, you can now count on Yugo for stronger field support, readily available personnel that can take the car apart and put it together again.

And speaking of taking Yugos apart, Yugo engineers have made more than 357 improvements, including the addition of a larger displacement engine and Bosch fuel injection. Because we've found there's always room for improvement. But now, there's a lot less.

We're so confident of our improvements we stand behind every new Yugo with a 4 year/40,000 mile warranty* and free maintenance for a year or 12,000 miles. Making the reliable new Yugo one of the best backed small cars anywhere. Which should be a comfy thought for every proud, new owner.


The Yugo has 357 improvements.

And now there's the Cabrio Convertible. It's not only the least expensive convertible available, it also has room for four and a power top that comes standard.

And if having great cars for the right times isn't enough, Yugo has something more. In fact, you're getting a taste of it right now. A substantial national advertising effort that was recently cited by *U.S.A. Today* as being one of the most outstanding in the entire automotive industry.

So these days, owning a Yugo is just plain smart. And as you can see, that goes for a dealership as well as a car. To find out how to become a Yugo dealer, call our Director of Dealer Development, Pete Haskell at (201) 825-4600.

YUGO
Peace of mind comes standard.

Visit the Yugo Hospitality Center at the Hyatt Regency Hotel during the NADA Convention.

DO NOT PASS

*Limited powertrain warranty. Call Yugo America, Inc. for details. †Manufacturer's suggested retail price 1991 model GV Plus. Freight, transportation, shipping, dealer prep, licensing costs, registration fees and taxes extra. Yugo America, Inc., P.O. Box 730, 120 Pleasant Avenue, Upper Saddle River, N.J. 07458-0730. **Source: PC Carbook,™ 199' Portland, OR.

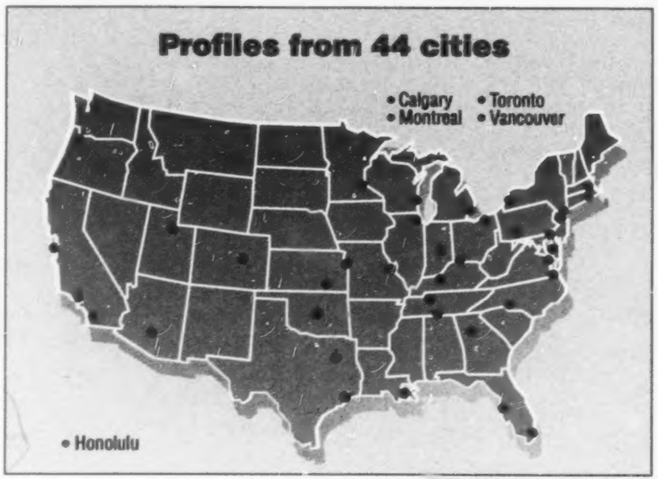
Secrets of selling cars, from 44 informed dealers

The men and women who operate auto dealerships in the United States and Canada keep their countries on wheels. They sell at least 15.5 million new cars and trucks each year, and they service many times that number.

In this section, *Automotive News* presents profiles of leading dealers in 44 U.S. and Canadian markets. Their backgrounds are diverse; their views of the industry differ; and their methods of operation reflect the characteristics of the makes they handle and the markets they serve. But they have one attribute in common: Each is successful in a mighty tough business.

Included are statistical profiles of the 40 U.S. and four Canadian metropolitan areas. The figures include population of the metropolitan statistical area, car and light-truck registrations for the 1989 and 1990 model years and the five top-selling nameplates in each area for those model years.

The population figures were supplied by the U.S. Bureau of the Census and the Canadian Census Bureau. Registration data was provided by R.L. Polk & Co.



AUTOMOTIVE NEWS / MARTHA GRATTAN

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Albuquerque

Sheila Garcia swam past sharks to smell the roses

By Paula Paul
SPECIAL CORRESPONDENT

ALBUQUERQUE, N.M.

7-1-88 Population: 493,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	20,665	21,312
Light trucks	10,412	11,546
TOTAL	31,077	32,858

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford Taurus	903	Ford Taurus	1,041
Ford Tempo	835	Ford Escort	707
Honda Accord	680	Ford Ranger	664
Ford Ranger	664	Ford Tempo	660
Chev. S10	649	Chev. S10	649

There's a touch of class to Sheila Garcia's executive office suite on the top floor of the Garcia Toyota Honda building in Albuquerque, N.M. — antique Mexican chests filled with Spanish, Mexican and Indian artifacts, pricey hand-made Indian rugs, R.C. Gorman paintings.

There are books everywhere, and on her desk are "The Collected Poems of Emily Dickinson" side by side with Harvey Makay's "Swim with the Sharks." Those two books, perhaps, reveal the character of one of the most successful auto retailers in the state. She's a lady, in the best sense of the word, but she's nobody's fool.

Sheila Garcia

Honda, Suzuki, Toyota, Volvo

"Times are tough right now for all of us in the car business, but I've managed to stay in the black, and I intend to keep it that way," she says. "But I won't do it at the expense of people. And the truth is, you don't have to."

Cutting overhead, she says, has kept her business, which includes Volvo and Suzuki franchises as well as Honda and Toyota, in the black.

"I think we'll be looking for more ways to cut corners and more ways to generate business for a while. For now, we're all saying, let's just wait and see."

After reviewing recent figures from NADA, which show 30 million older cars whose owners have them paid for, Garcia says she is less pessimistic about the latter half of 1991. "The theory is that they'll be buying new cars, replacing those old ones," she says.

In the meantime, Garcia says she's constantly reassessing, constantly looking at ways to make her ledger a little blacker.

"Of course we're cutting back on overhead, and that, quite honestly, is what's keeping us in the black. We're looking at everything, from little things like office supplies to bigger expenses like not hiring outside consultants. We're doing more work ourselves in the accounting department, for example, more sales training meetings ourselves."

She's also taking a more aggressive ploy by recently adding more used cars, particularly in the modest price range. "We've used advertising to increase service business, too, and we're going after more wholesale parts business. I know a lot of my friends in the business are picking up some with light trucks, but that doesn't work for us, because of the heavy import taxes we have to add on."

Inventory control is also receiving more scrutiny. "Last year we had too many cars. We had a 100-day supply. Now, we're trying to stay at 45. That's difficult to do, of course, but we manage to stay between 45 and 60."

Last year Garcia sold "slightly over 1,600 cars and 800 trucks" in her four dealerships.

"That's not a significant increase over the year before," she says, "and the truth is, every one of those deals was a lot harder to make than the year before."

Garcia says she doesn't mind a challenge, though, and showed her ability to "hang tough" six years ago when she was suddenly widowed, left with five children, ranging in age from 3 to 19 and a business that no one expected her to be able to run.

"I remember my lawyer asked me how committed I was to keeping the business, and I said, 'I'll show you how committed.' Well, I've built this building," she says, as her arm sweeps across the spacious room with it's panoramic view of the Sandia Mountains, "And I've added two franchises. I've found out that if you can run a family, you can run a business."

Garcia's success has won her local, state and national awards of recognition, including the 1987 Import Car Dealer of Distinction Award sponsored by *Sports Illustrated* magazine and the American International Automobile Dealers Association and a ranking each of the past four years in *Savvy* magazine's top 60 U.S. businesses run by women.

Getting there wasn't easy, and one of the first hurdles Garcia had to overcome was the fact that she was a woman, she says.

"There weren't, and there still aren't, very many female car dealers in the country. I would go to meetings and get the feeling my colleagues had the attitude, 'Oh, look, isn't that cute, a woman trying to do this.' It took a while for some people to realize that I could do something besides play bridge, and once or twice I had to tell people my name's not Honey. But things have worked out. I'm lucky, I guess, that I got into this six years ago when business was better. It would be even tougher now."

Garcia's hands-on managerial style, she says, serves her well in a constricting economy. "I know my style is very different from my husband's. He was very talented. Very good at delegating, but I never tried to do things like Julian. I always knew I had to be myself."

That meant selling off the company's Honda, Mercedes and Saab dealership in nearby Santa Fe, N.M., four years ago. "I wanted to put the money here in Albuquerque where I'd be around to supervise," she says.

Her style includes developing a personal relationship with most of her 160 employees. "I haven't had to lay anyone off during these tight times, but I do want to make sure everyone is working to the top of his or her capacity. I want to hear if someone has problems at home that may be interfering with work. If someone isn't selling as much or bringing in as much business as he or she should, I want to talk to them, I want to hear any ideas they might have to improve. I used to be a school counselor, so I feel I'm at my best when I'm dealing with people one-on-one."

Factory policies that take her too far away from the hands-on or personal touch are the ones Garcia has the most complaints about.

"The add-on for advertising at the factory gives me a real concern. At $225 per car, I feel I could make better use of the money. Honda allows us to have our own input. That's the way it should be."

Fleet subsidy programs don't escape Garcia's criticism. "Car dealers should handle fleet sales, and we should buy them back for resale. I'm competing with someone who can buy cheaper than I can. It's hurting me. It's hurting all of us.

"I don't want to sound complaining," Garcia says, "I have a good life. I live very well, and I'm taking time to smell the roses," she says in true Dickinsonian style. "But," she adds, with an eye toward the sharks that swim in today's economic waters, "I'm going to make sure I keep it that way."

Atlanta

Family, business traditions work for McNamara

By Scott McDaniel
SPECIAL CORRESPONDENT

For Dennis C. McNamara, the new automobile and light truck business is a family tradition.

McNamara, the owner of McNamara Pontiac-GMC-Isuzu in Tucker, Ga., an Atlanta suburb, practically grew up in the dealership of his father, Dennis C. McNamara Sr. The elder McNamara has been a Pontiac dealer in Orlando, Fla., since 1945 and is still going strong at age 70.

"He is one of only a handful of Charter Masters Pontiac dealers in the country," said the younger McNamara.

The father obviously set a good example for the son. "I guess I always wanted to go into the business," said McNamara Jr., 45. "It's all I've ever known."

After earning a bachelor's degree in business administration at Stetson University in DeLand, Fla., McNamara served two years in the armed forces in "friendly Southeast Asia."

"I was stationed in Thailand and Vietnam," McNamara said. He rose to the rank of first lieutenant.

In February 1971, McNamara left the military and began his chosen career. He first moved to Atlanta to begin work at a dealership jointly owned by his father and Whitey Whiten. He would later purchase this dealership.

Dennis McNamara

Isuzu, GMC, Pontiac

Three months later he joined his father's dealership in Orlando and worked there for eight years learning the business. During that time McNamara attended the General Motors dealers' sons' school and was a member of the first graduating class of Pontiac College.

In 1979, he moved back to Atlanta and bought the dealership from his father and Whiten. Today, 11 years later, McNamara owns a 10-acre dealership in the middle of a fast-growing Atlanta suburb.

In the face of a national decline, McNamara's dealership increased its business in 1990.

ATLANTA, GA.

7-1-88 Population: 2,736,600

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	133,978	150,356
Light trucks	60,357	65,810
TOTAL	194,335	216,166

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	9,025	Honda Accord	7,646
Ford Ranger	5,868	Chev. S10	6,927
Honda Civic	4,860	Ford Ranger	5,592
Chev. S10	4,689	Ford Escort	5,285
Toyota Camry	4,228	Ford Taurus	5,077

"We had the highest percentage of improvement of any Pontiac dealer in the Atlanta zone (total volume of $5.4 million in 1990 compared with $4.9 million in 1989), but that was because we had such a bad 1989," he said, laughing.

Unlike some dealers who depend heavily on new vehicle sales to stay afloat, 65 to 70 percent of his business comes from the body shop, service and parts departments. New vehicle sales, meanwhile, have steadily decreased from 3,009 units in 1985 to 1,900 last year.

McNamara noticed a marked decrease in floor traffic beginning last September, which he attributes to the crisis in the Persian Gulf.

"Big cars have slowed down dramatically," he said. "People are scared to death."

McNamara believes business in the next few months depends on how the crisis is resolved. "If there is a quick resolution, things might pick up, but if it drags out into a Vietnam-type situation, there will be economic chaos in this country."

McNamara plans to be extremely conservative in the next few months. "We tried some aggressive advertising back in the fall," he said. "We monitored the floor traffic carefully, and it didn't seem to be helping. You can shout all you want about great deals, but if no-

▶

FACE OF THE DEALER, 1991

body's listening, it's not going to do any good."

Help doesn't seem to be coming from the manufacturers, either. McNamara is concerned that Pontiac did not introduce any all-new models this year.

"I think they missed an opportunity there," he said. "The Japanese (manufacturers) bring out four or five new models a year and Pontiac didn't bring out even one. We are closing the gap quality-wise, but we are too slow to catch the leading edge of styling."

McNamara has only to look at his Isuzu franchise for an example, where the new Stylus, Impulse and Rodeo arrived for 1991.

As for manufacturers incentives, he generally discounts their lasting value in increasing sales. "You don't need an incentive program if you've got something that people want to buy," he said.

In such uncertain times, many dealers are worried about the future, but McNamara is confident he can continue to make a profit.

"We have a beautiful facility and we're on a major thoroughfare in a large metropolitan area," he said. "We're in a good market, although it's extremely overdealered. We have balance, too."

But perhaps the most important reason for his continued success, McNamara asserts, is his application of conservative business practices learned from his father.

"My father believes in sound expense control management," explained McNamara. "We don't overextend ourselves. We don't own airplanes or 15 franchises. The property is virtually paid for. We take a marginal profit and use the rest to retire debt service."

McNamara thinks that many new dealership fail because of unsound business practices.

"Dealers come in undercapitalized in overdealered markets," he said. "Many of them are barely there financially and they can't afford to stay for the long haul."

McNamara himself plans to be in the business for the long haul. "I'll be right here until I retire, but that won't be anytime soon."

Is there another McNamara growing up in his dealership? McNamara has a daughter, Kelley, who is a junior at the University of Alabama and "might come into the business." If so she would represent the third generation of McNamara Pontiac dealers, continuing the family tradition.

Baltimore

Consumer activist wears the mantle of an auto dealer

By Jayne O'Donnell
SPECIAL CORRESPONDENT

During his regular broadcasts over the area's biggest radio station, he tears apart his competitors' "deceptive" advertisements. His billboards blare the message that his customers are the smart ones in town. And he nominates himself to the post of unofficial watchdog of his factory's marketing activities.

Alan Abramson, the dealer principal of Archway Ford in Baltimore, is a consumer activist in car dealer's clothing. It hasn't won him a lot of friends in the industry, but he influences enough people so the floor traffic at his Ford dealership is steadily climbing higher and higher.

BALTIMORE, MD.
7-1-88 Population: 2,342,500
REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	146,829	167,029
Light trucks........	53,271	59,488
TOTAL	200,100	226,517

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford Taurus	11,937	Ford Taurus	14,303
Chev. Lumina	7,224	Ford Tempo	6,791
Chev. Cavalier	6,274	Chev. Cavalier	6,440
Honda Accord	5,425	Dodge D'sty	6,051
Dodge C'van	5,381	Dodge C'van	5,900

"I'm kind of like an anti-hero," says Abramson, whose father started the business in 1955. "After all, you have to stand for something."

Baltimore is a bastion of hard-driving, blue-collar domestic buyers.

Together they support an industrial community with just enough high-tech horsepower to keep it running in tough economic times. Abramson is a bundle of car-selling energy. The way he looks at it, the recent downturn in sales gives him a chance to be like a sportsman, living for the hunt.

Alan Abramson

Ford

"I'm an old war horse who has been through god-awful times before," he says.

"I like the challenge, and I wouldn't give it up."

Abramson, a single-line dealer, is faring better than many in Baltimore, where 1989 saw a couple major dealers go out of business. He says he averages 1,000 to 1,200 car and truck sales a year.

In 1990, due to a serious slump in the fourth quarter, sales were down 20 percent.

"I'm doing pretty well, but for the last couple months, I've been treading water," the veteran dealer says.

"But there are several dealers around here who are hurting, and they are hurting badly.

"I don't want to be a harbinger of horror, but in the next couple months we're going to see a real squeezing in the market here."

Abramson credits some of his sales slowdown to the less-than-impressive showing of the new Ford Escort.

He doesn't believe that Ford has adequately expressed the "full significance of the newness" to consumers. He also laments that there was very little inventory available until August.

Abramson is also a big critic of the plethora of manufacturers' marketing incentives, which he thinks are making consumers increasingly cynical.

Car buyers, he says, "just want to know what the cost is going to be."

"With cash rebates, 99.9 percent of the assumptions go to the dealer, and many give the rebate in lieu of a dealer discount," says Abramson. "Rebates have been abused as a marketing tool."

To cope with the tough times ▶

NATIONAL AUTO RESEARCH
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USED CAR MARKET GUIDE
EEKLY EDITION
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There are two reasons why we publish new Used Car Market Guides weekly . . . one is fairly obvious.

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ahead, Abramson, like his Baltimore brethren, is carrying less inventory and has cut back on an advertising budget that is already anemic.

He has also "put a lid on personnel," although he went into the last few months as lean as ever.

"I've always tried to keep the organization lean, but I definitely don't want to cut people from parts and service because the dealers who don't emphasize service are the ones hurting the most," he says. "And I've never been a six- or five-figure-a-month advertiser."

But his no-cost, every-other-day consumer-oriented broadcasts on WBAL radio certainly help keep his name in the limelight.

In his three-minute spots, Abramson criticizes the advertising practices of certain other local dealers and attempts to educate consumers to "protect them" from any deception. He doesn't mention the dealers by name, but he says he hopes that his efforts help discourage errant dealers and any others who might copy the ads.

Ethics in advertising has long been a concern of Abramson's. Several years ago, he wrote to a somewhat junior marketing executive — Bob Rewey, now Ford Motor Co. vice president for sales operations — to get a feel for Ford's position on the subject.

"To his everlasting credit he wrote back saying that he thought advertising should be honest, truthful, without caveats and easily understood by customers," says Abramson.

Abramson, who has headed an ethics panel on advertising for the Maryland New Car & Truck Dealers Association, notes that "relations with the consumer begin with the advertising, not the sale."

Toyota "begged" Abramson to take a franchise in the 1960s, he says, but he now has few regrets about staying a domestic, one-shop operation.

He admits that his theory never came to fruition that if compact vehicles were going to become popular with consumers, the domestic industry would fill the void. But he is glad he decided to stay with a winner.

"It cuts both ways," he says. "I still look at the market as an ever-expanding and cyclical one, and I'm still not sure what the right product line is or whether it's better to be a big megadealer or single line."

One thing he is sure of is that there is considerable room for improvement in how the automotive industry treats the consumer it is trying to court.

He cites research that indicates that consumers say that buying a car is the worst purchasing experience they ever encounter.

Every dealership, he notes, is a reflection of the dealer. He says that point is often lost on many dealers who distance themselves from the advertising and marketing side of their products. And that is a big mistake, he says, because there's a captive — albeit confused — market out there.

"The average person is not about to opt for a boat or an airplane in lieu of a car," Abramson says.

"The American public is not going to give up the automobile."

Boston

Sales slump buries mega-mall revival by GMAC venture

By A.S. Plotkin
SPECIAL CORRESPONDENT

When a huge automotive mall near here went belly up around Christmas in 1989, Massachusetts dealers were intrigued when William DeLuca III took it over less than two weeks later.

The 34-year old DeLuca — whose father, William DeLuca Jr., owns four leasing companies and was a partner in the effort — said he felt the opportunity was "terrific, a big challenge."

William DeLuca III

Chevrolet, Buick, Cadillac, Pontiac

The mega-mall sits on 24 acres of land in Tewksbury, near the New Hampshire state line. It was developed by Peter Hallissey starting in 1987, when the area's economy was still booming. Hallissey, a prominent and large-volume area dealer, combined four points, at a reported cost of at least $[illegible]4 million.

At peak, it held seven franchises and a crew of 330 — including 100 salespersons, 70 mechanics and 16 service writers. The main building covered 4½ acres. Customers were driven around the site.

The mall's demise under Hallissey has been attributed to the disastrous slump in the regional economy, to debts from high construction costs, and to his own ailing health.

The DeLucas have been in the automobile business for more than 35 years. The senior DeLuca, Bill, began as a used-car dealer when he got out of the Navy in 1954. He now runs four leasing companies with some 15,000 vehicles.

According to Billy DeLuca, Hallissey got the idea for his mega-mall from the much-publicized venture in San Francisco.

"We believed that what Hallissey did was terrific," he says. "There were big economies of scale possible. It was the finest facility east of the Mississippi. But he was 10 years ahead of his time."

General Motors Acceptance Corp. was Hallissey's biggest creditor, reportedly for about $12 million. He also was in heavy hock to three area banks. With the mall in big trouble by mid-1989, GMAC, says DeLuca, arranged for "a friendly foreclosure," taking over the land and buildings.

GMAC then asked if the DeLucas were interested in running the operation and in buying the vehicles and parts inventories, plus equipment such as the 75 lifts in the service shop.

"It sounded like a great opportunity," Billy DeLuca says. "It was the biggest investment in my career." He envisioned "filling the mall with 13 or 14 franchises. It would be one-stop shopping for the customers' benefit."

He knew there were risks. But shortly after he and his father signed up with GMAC, disaster struck — Toyota said it was yanking its franchise from the mall.

At peak, Hallissey was selling some 200 Toyotas a month and, to the DeLucas, the franchise was key to the business. "No question, if Toyota had not pulled out, we'd still be there," said the younger DeLuca.

Even as they were in the process of closing the mall "in orderly fashion," they have filed suit in state court against Toyota.

"We will pay our bills in a quality way. I think we'll come out of it with a whole skin. The only thing damaged will be a little ego."

The DeLucas think the Toyota litigation may take three years. Should they win, says Billy, they would readily use that valuable franchise in a new location.

▶

BOSTON, MASS.

7-1-88 Population: 2,845,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	137,012	160,473
Light trucks	33,856	43,155
TOTAL	170,868	203,628

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Toyota Camry	7,140	Toyota Camry	6,824
Honda Accord	6,095	Honda Accord	6,085
Toyota Corolla	5,096	Ford Taurus	5,525
Ford Taurus	4,569	Toyota Corolla	4,711
Honda Civic	3,727	Ford Escort	4,679

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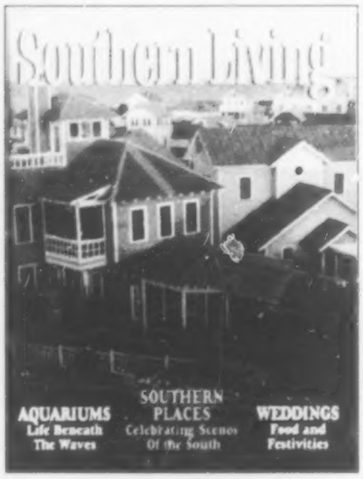
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In anticipating the mall operation back in 1989, Billy DeLuca had merged his four existing stores in the area into two — one currently in Andover and one in nearby Haverhill.

"Ironically," he said, the merger turned out "to be the right thing to do, regardless of the scenario of the mall. Now we have less to worry about."

Besides winding down the Tewksbury mall affairs in 1991, DeLuca plans to open a Saturn dealership in Andover, probably this April. His Chevrolet-Buick-Cadillac store in that town sold an average of 125 units each month in 1990, and the one in Haverhill about 75 Chevrolets and Pontiacs. Total business dropped 20 percent from 1989 to 1990.

"Fortunately," he said, "we have not let any employees go (at his two existing regular points). Our service business is very good."

He has a long work day, about 14 hours between both stores. He is "making money, but just barely. We have been in business since my dad started and have a good reputation. We're in control."

His father, whose leasing offices are a mile away in a converted former woolen mill, helps out with his son's two stores occasionally. So does his grandfather, 82-year-old William DeLuca. "He comes in every day, drives our service customers home. He has a ball," he said.

Billy DeLuca likes what he does. "It's not like pushing a time clock. Every day there are different challenges. It's hard at times, but it's fun. I am very organized. I have a good handle on things, even though I'm not especially interested in mechanics."

He finds time for community affairs, relaxes with boating in the summer and skiing in winter. DeLuca is president for the second consecutive year of the 450-member state auto dealers' association, which is based in Boston, 35 miles away from Andover.

As for coping with the slump, DeLuca limits his inventory to a 45-day supply. He keeps overhead costs in line, tries to improve marketing tactics and, above all, strives to improve and sustain the quality of service.

"You need to treat the customer as king. If he is satisfied, he will keep coming back. He should be involved with only one service writer; he should see the same writer when he comes back to pick up his car, so he can get an explanation of his bill. It's good follow-through. We try to run it like a doctor's office, with appointments."

DeLuca said he has talked to GM officials about cutting costs of financing inventory. "But we think it falls on deaf ears. Relations with the factory are hard to live with. But I'm not a crybaby; we knew the rules when we signed up. It's gotten better in the last two to three years, and relations with them are less adversarial now."

As for rebates, DeLuca thinks they should end. "The factory should price the cars properly. Incentives mean they are overcharging for the product. Let the car speak for itself. Now it's a mishmash."

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Buffalo

Streng family tallies 68 years selling Olds

By James T. Madore
SPECIAL CORRESPONDENT

There isn't an historical marker outside Streng Oldsmobile Inc. but there probably should be.

The 68-year-old company is one of the oldest Oldsmobile dealerships in the country. It is part of our vanishing commercial heritage. A business owned by the same family for three generations that has not only survived but prospered throughout the tumultuous 20th century.

"We have been able to weather the storms; the good times and the bad," said Henry H. Streng, the company's president. "Our longevity is due to customer satisfaction. We're so concerned with satisfying people, that's why we've survived so long."

Over the years, Streng Oldsmobile has become a Buffalo landmark. The dealership's distinctive art deco building, featuring a green-marble facade topped off by a neon sign with a silver rocket, has become a favorite of architecture lovers.

And fathers and sons have been admiring the Oldsmobiles inside the 1940s structure for many years. They have purchased their first car and its successors from the Streng family.

Henry Streng

Oldsmobile

Henry Streng and his brother, Herbert, acknowledge that automobile retailing has changed dramatically since they entered the business in the 1950s. Consumers have become more demanding as the number of models and dealers has proliferated. At the same time, the economy has been like a roller coaster, reaching new heights of prosperity and then falling into deep recessions.

"The mid-1980s were very good," said Herbert S. Streng, noting that Oldsmobile sold over 1 million new cars each year from 1984 to 1986. Since then, nationwide sales have plummeted about 50 percent.

New-car sales at Streng Oldsmobile totaled 515 units last year, a 23 percent increase over 1989's sales of 420. Cutlass Supreme continued to be the most popular model.

"Adapting to changing times is crucial," said Herbert Streng, the company's vice president. "You have to keep up with the times."

Herbert Streng said that in the 1990s dealers are going to have to sell more used cars that have been initially leased or owned by rental car companies. Some customers can no longer afford to buy a new car, he said, yet they also don't want worn-out vehicles with high mileage.

Like most dealerships, Streng Oldsmobile sells one used car for every two new-car sales. But Herbert Streng said he hopes to eventually reach parity.

▶

FACE OF THE DEALER, 1991

BUFFALO, N.Y.

7-1-88 Population: 958,700

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	42,073	48,931
Light trucks	13,202	13,845
TOTAL	55,275	62,776

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. Cavalier	2,076	Ford Escort	2,152
Ford Tempo	2,040	Chev. Cavalier	2,102
Ford Escort	1,680	Ford Tempo	2,031
Saab 900	1,631	Ford Taurus	1,603
Chev. Lumina	1,409	Chev. Corsica	1,519

A large and experienced service department also is vital in today's competitive marketplace, Herbert Streng said. "The credibility of everything you say upfront is backed up by the service department."

Henry Streng noted it was the company's service department that enabled it to survive the Great Depression when most people didn't have enough money to buy a new car, and World War II, when the government asked Detroit to produced tanks instead of autos.

Henry Streng and his sister, Patricia, recalled that their father and another Buffalo car salesman, George Eagan, started the dealership in 1923. Prior to going into business for himself, Herbert H. Streng worked for four years at the Meldrum Motor Co.

During that time, he also won a city-wide contest to determine Buffalo's best car salesman. The senior Streng used the $900 prize money to start his own dealership.

The 1920s wasn't an auspicious time to start any kind of business, but Eagan & Streng Inc. managed to survive because of the owners' work ethic and a talented band of mechanics who could keep the era's infamous jalopies on the road. The dealership received an Oldsmobile franchise in 1930, after initially distributing Maxwell and Chalmers vehicles.

The second- and third-generations of the Streng family credit the dealership's founders with establishing a reputation with consumers that has sustained the business long after their respective deaths.

Henry Streng and his two sons, Andrew and Kyle, recalled vividly how the family's patriarch learned "the automobile business from the ground up." They said Herbert H. Streng was still working at the dealership when he was in his 80s.

Although Streng Oldsmobile has moved in and out of several buildings during the last six decades, it has always been in the same Main Street neighborhood, near a 1913 brick factory built by Henry Ford to produce Model Ts.

The company's last major expansion occurred in 1973-74 when an adjacent building was converted into a 60-car showroom.

"The last four years have been pretty tough," said Andrew J. Streng, a member of the family's third generation. "Sustainability is important today . . . you just try to plug away and concentrate on what you do best," he said.

Like many dealers, the Strengs are keeping inventories low, concentrating on training their sales people and serving customers.

But the company also is capitalizing on its central location and longevity to lure customers into its showroom. Last year, Streng Oldsmobile joined three other dealers located on Main Street in a media campaign to get people to shop in Buffalo instead of the surrounding suburbs.

The group, known as the Main Street Motorcar Dealers Association, sought to remind western New Yorkers of the days when the Pierce-Arrow and Model T were produced in Buffalo. The dealers launched an advertising campaign and organized a classic car show featuring more than 200 vehicles.

Company president Henry Streng says the dealership has benefitted from Buffalo's recent transformation from rust-belt relic to boom town.

As people return to the city for work and play, Streng Oldsmobile's location is ideal; halfway between suburban homes and downtown office towers, he said.

Calgary

Golden touch aids perseverance in rocky market

By Ron Stewart
SPECIAL CORRESPONDENT

CALGARY, ALBERTA

6-1-90 Population: 724,800

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	28,557	28,656
Light trucks	17,930	16,901
TOTAL	46,487	45,557

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford F150	1,799	Ford F150	1,951
Chev. Cavalier	1,538	Ford Tempo	1,287
Ford Aerostar	1,274	Chev. Cavalier	1,209
Ford Tempo	1,248	Mer. Topaz	1,147
Ford Taurus	1,244	Ford Aerostar	1,032

Defying risky odds in business is a game Gerry Wood likes to play.

And the 45-year-old Calgary entrepreneur is good at it.

Twice in 11 years he has plucked a rabbit out of the hat and almost magically turned the failure of others into success.

Taking on crippled car dealerships isn't everyone's idea of a plum investment — but for Wood it's like "diving off the high board for the first time."

Today, Gerry Wood is an industry innovator.

But it wasn't always that way.

He has traveled the rocky road — like when he arrived in Calgary 21 years ago from Scotland with very little money.

"I was virtually broke," he said. But he vowed he would never be again.

After five years as a car salesman with MacLin Ford in Calgary, he was appointed sales manager.

Another five years passed before Wood the entrepreneur was ready to emerge.

A GM dealership was in trouble in Vulcan, a small farming town a little over 60 miles from Calgary, and Wood jumped at the challenge.

A deliberately uncomplicated man, Wood readily admits his business acumen has been strongly influenced by philosophies adopted from his father.

These include: Do what you say you will do; and earn a reputation.

Thus armed — and never accepting that something can't be done — Wood has developed into the quintessential entrepreneur.

"My father was in the car business and the older I get, I realized just how much he had to offer me," said Wood.

In its first year, the country dealership, Vulcan Motor Products, made a profit.

Soon Wood and his team were selling in the neighborhood of 300 new vehicles a year in a town of 1,600 people.

You could say such success was due to plain old Scots determination — but Wood prefers to refer to his instincts.

Gerry Wood

Lincoln-Mercury, Honda

"I knew that it was a strong farming community and strong truck country. The overhead was also attractive."

Wood said country folk were hard to deal with — but fair.

"I learned a lot from them which was to stand me in good stead back in the city," he said.

After four years on his own, Wood felt he'd outgrown the rural dealership and sold out.

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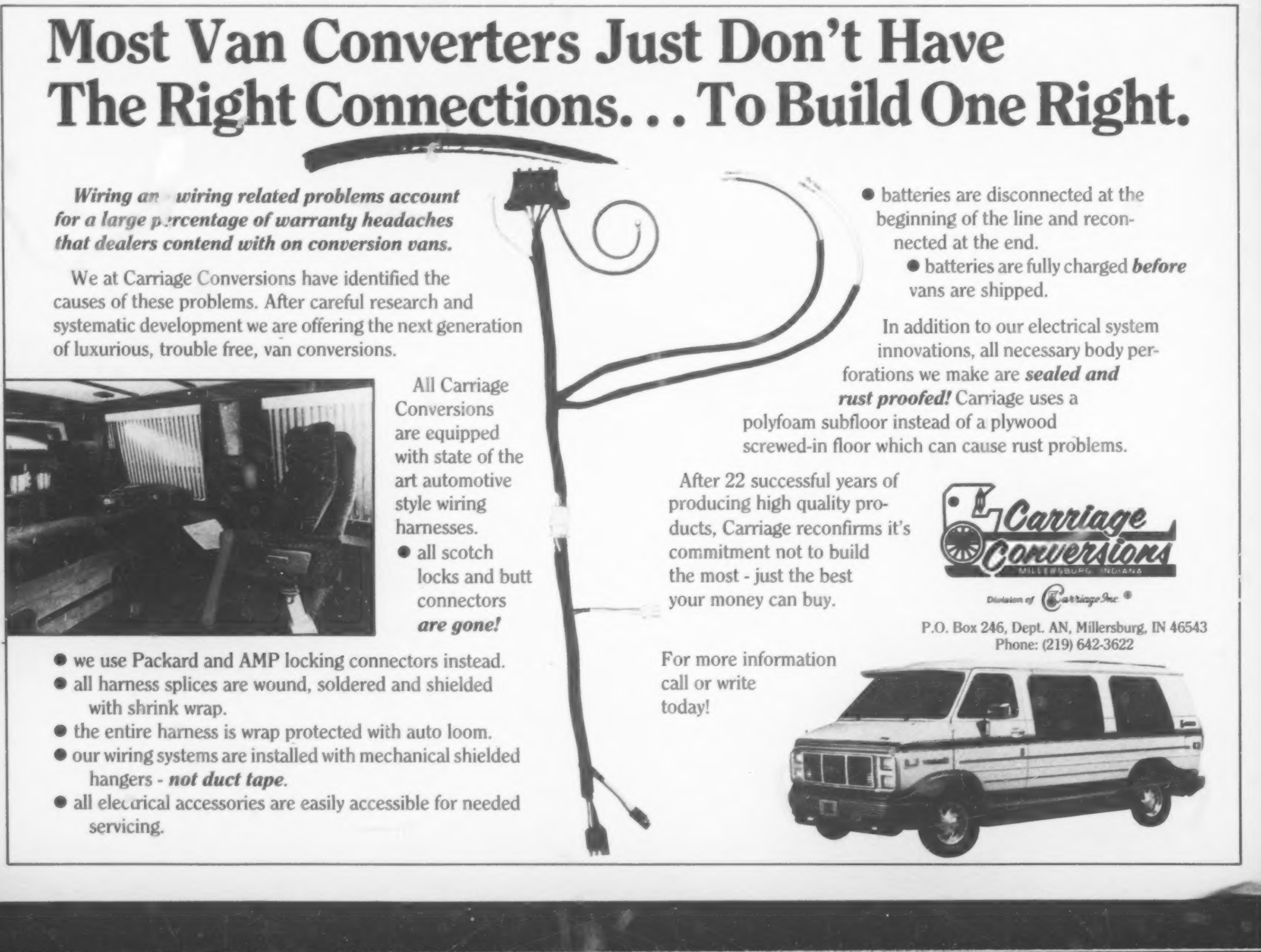

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It was 1983 and the province of Alberta, and particularly Calgary, was still in economic doldrums following the crash of oil prices in 1981-1982.

A major auto dealership in Calgary, Southridge Lincoln-Mercury, was suffering and on the verge of receivership.

That was the kind of challenge that Wood was after.

Scraping together enough cash, he as able to move into Southridge — which he quickly renamed Woodridge — as a 20 percent partner with Ford.

"It was exciting. I wasn't concerned about the economy at the time. I believed the dealership could work on its servicing and selling used cars and trucks if new vehicle sales weren't strong."

Once again Wood's instincts proved correct.

Used car sales and service did do well — and despite the doom and gloom of recession — so did new vehicles.

He'd also keyed in on leasing at an early stage in the city.

And from day one, history was repeating itself as Woodridge, like Vulcan, was profitable.

In one year, the dealership that had been on the verge of collapse was No. 1 in Canada.

And in only three short years, Wood was able to complete the buyout of Ford's 80 percent interest.

Wood has always been strongly service oriented.

His was the first major dealership in the city to open the service department on Saturdays.

He was also the first to introduce a fleet of service loaner vehicles for customers.

Strongly influenced by the auto industry in the United States, his advertising program has been spearheaded all along by Graham Advertising out of Colorado Springs, Colo.

Woodridge has been the top Lincoln-Mercury dealership in Canada for most of the past seven years.

In its best year the dealership sold 3,000 new vehicles.

Today it's become a $60 million to $70 million-a-year business.

And a bonus for Wood was the parts department, which is one of the largest in Canada for a dealership and accounts for revenues of around $500,000 a month.

This success has allowed the dealer principal, who is married with three children, to enjoy some of the finer things in life. He has a holiday condo in the United States and a home just outside Calgary.

The city has grown over the past few years, and so have the number of dealerships — particularly imports.

Not one to sit on his laurels, Wood was quick to recognize the inroads being made by the Japanese in the Calgary market. So it was no surprise three years ago when he opened Village Honda, a new Honda dealership.

After two years in leased property, Village Honda is now housed in its own surroundings.

And yes, it's doing well.

Today, the effervescent Wood is negotiating the setting up of a new Lincoln-Mercury dealership in Okotoks, another small town about 20 miles from Calgary.

"It has a population of 8,500 and we already have customers who live there. I'm excited about the prospect. There are good existing premises and again it's good truck country," said Wood.

He also shares the view locally that things look good for the auto business in 1991.

Recent high oil prices have been a major bonus to Alberta's economy.

Despite his success in business, Wood never forgets when he was a hungry salesman on the showroom floor.

And because of this he's earned a reputation for looking after his people and caring for the community.

The annual Woodridge Charity Celebrity Golf Tournament is now five years old.

It has become one of the highlights of the golf year — and raised thousands of dollars for the Canadian Downs Syndrome Society.

Last year, Chrysler, Ford, GM, Honda, Hyundai, Mazda, Mitsubishi, Nissan and Toyota managed to keep the roof over their heads.

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Charlotte

From cotton hand to $100 million, five-point dealer

By Susan Shackelford
SPECIAL CORRESPONDENT

When Charlotte car dealer Sam Johnson describes the current economy, he chuckles and says, "It's going downhill, like a runaway train."

Johnson, 51, one of the nation's most successful black car dealers, offers some levity despite the depressed car market because he's successfully weathered tough times before — as a dealer and as a person.

Born in West Memphis, Ark., to sharecropper parents, Johnson knows the meaning of tough times. One of 11 children in his family, he chopped cotton or sold nickel candy bars to field hands, earning $3 a day. At age 17, he moved to St. Louis to live with relatives and landed a $25-a-week job washing cars for a small used-car dealer.

Sam Johnson

Ford, Lincoln-Mercury

That foothold in the car business diverted the enterprising teenager from a dream of becoming a postal carrier, and he is now a highly successful dealer.

Today, Johnson owns majority interest in five dealerships: two Lincoln-Mercury dealerships in Charlotte, one in Fayetteville, N.C., and Ford dealerships, in Tupelo, Miss. and Richmond. In 1990, *Black Enterprise* magazine listed him as the third largest black dealer in the country, up from 11th in 1989.

In 1989, Johnson's Metro Lincoln-Mercury dealership in Charlotte won the coveted President's Award from Ford Motor Co. He was the first black dealer to win the award based on customer satisfaction and market penetration.

"He is a man of total character," says John Hurley, who owned a Chevrolet dealership in Charlotte in the 1970s. "He gives you his

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CHARLOTTE-GASTONIA ROCK HILL, N.C.-S.C.

7-1-88 Population: 1,112,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	52,608	53,653
Light trucks	23,777	25,967
TOTAL	76,385	79,620

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	3,730	Honda Accord	3,062
Volvo 740	2,987	Ford Escort	2,416
Volvo 240	2,192	Chev. S10	2,392
Chev. S10	2,029	Ford Ranger	2,295
Ford Ranger	2,016	Ford Taurus	2,265

word and you can depend on it. He knows where he came from, and he's never changed. He is humble yet astute."

In launching his career, Johnson says, the owner of the dealership he first worked for, Jerry Ackerman, played a key role. "He was my mentor," recalls Johnson, whose five dealerships posted sales volume of about $100 million in 1990. "I saw how he lived as a dealer, and he was someone I could look up to. And as he grew, I grew."

Though it was the late 1950s and Ackerman was white, Johnson says, "He never showed prejudice and I never felt it."

After five years working as a handyman for Ackerman, Johnson became a salesman for the dealership, which two years earlier had added Buick. Today, on the walls of the Lincoln-Mercury dealership bearing Johnson's name in Charlotte, he displays the plaques he won for seven straight years as the top sales producer in Buick's St. Louis zone.

With that success, Johnson plunged into the ownership ranks in 1973. With the help of Ford, he bought a struggling enterprise in an area of high crime and unemployment in East St. Louis, Ill.

Though the economy was struggling, and soon to settle into a recession because of soaring oil and gas prices, Johnson sold 400 cars his first year in business — twice what the previous owner sold the year before.

Johnson paid off Ford — which put up 80 percent of the $250,000 purchase price — in 2½ years. He sold the dealership in 1980.

Working his way up through the business gave Johnson a keen appreciation for customer service — something that has helped him stay afloat in rough economic waters.

"We have a high percentage of return customers," he says. "My philosophy is anybody can sell customers out front but if you aggravate them in the back (in service), they won't come back."

Johnson personally spends more time overseeing service than sales — from washing cars if needed to fielding customer concerns. "None of my calls are screened," he says.

If someone has a complaint, Johnson generally gives the customer the benefit of the doubt, offering to absorb or share a disputed cost.

For example, he got a call from a customer who bought a car with a variable rate loan over 48 months. The customer was surprised he owed $322 more at the end of the 48 months because of interest-rate variations. The customer "said he didn't understand or had forgotten about the variable rate," Johnson recalls. "He didn't ask for help, but I agreed to pay half the $322. We want to keep good customers."

The current car slump has hit his five dealerships like it has socked everyone.

For example, Sam Johnson Lincoln-Mercury sold a third fewer new cars in 1990 compared to 1989 — 558 vs. 869. Used car sales declined about 10 percent from 1,106 to 1,028 over the same period.

But the dealership is still healthy. No employees have been laid off, although attrition has been allowed to reduce the work force.

"We're kind of self-sufficient because we don't have much debt," he says. "We had four to five good years before this, and we made ourselves as debt free as possible if and when something like this comes along. So basically all we have is our operating expense."

Another key is recognizing a downturn early and immediately cutting inventory and other expenses — "swimming to the nearest point of land," he says.

Johnson says he's reduced his television, radio and newspaper advertising by half over the last six months. "You don't shoot your guns if the ducks aren't flying," he says.

He believes factory incentives were helpful in depleting 1990 stock, but he's not enamored with rebates. "I hope they'll eliminate the $1,000 rebates by just lowering the price of a car by $1,000," he says. "The rebate programs often change every few weeks, and it's frustrating."

Johnson's family is involved in the business. His wife, Hester, is vice president. Son Dana is a parts trainee manager, Sam Jr. is in a dealer training program and Ken is a sales manager. His oldest son, Darryl, was president of the Metro Lincoln-Mercury in Charlotte until his death in 1984 from injuries sustained in a motorcycle accident. Darryl, who was 25 when he died, had been a dealer for two years after going through a Ford dealership training program.

Active in the Charlotte community, Johnson is a director of the year-old Crown National Bank in Charlotte, a former board member of the Charlotte Chamber of Commerce, and was vice chairman of a fundraising drive for the local Afro-American Cultural Center.

Chattanooga

Dealer adds Saturn to supply frosting for job he loves

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

CHATTANOOGA, TENN.

7-1-88 Population: 438,100

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	12,606	15,584
Light trucks	7,183	8,681
TOTAL	19,789	24,265

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. S10	959	Chev. S10	1,133
Honda Accord	875	Honda Accord	799
Ford Ranger	597	Chev. C1500	607
Chev. C1500	502	Ford Ranger	577
Chev. Cavalier	491	Ford F150	569

Nelson E. Bowers II

Honda, Saturn

As Nelson E. Bowers II gazes silently out the office window of his new Saturn showroom in Chattanooga, Tenn., he knows he's getting what he wanted out of the car business: the thrill and challenge of operating a company.

The Middle Tennessee dealer — with stores in Chattanooga, Nashville, Oak Ridge and Cleveland — concedes that he's like many in the industry these days: apprehensive about the economy; uncertain of the future; reluctant to predict too far ahead; turning a profit but not selling quite as many cars as he would like.

But Bowers isn't complaining.

Those are the realities of the moment.

New-car sales nationwide fell 4.8 percent in 1990 to 9.3 million units.The National Automobile Dealers Association reports that dealer profits rose only marginally in 1990, from an average of 1.0 percent of sales to about 1.1 percent, following four consecutive year of decline.

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FACE OF THE DEALER, 1991

He acknowledges that the industry has been in a slump for two years — a problem that he says is made worse by factory overproduction. But he isn't discouraged.

He entered the car business because he wanted to be his own boss, run his own business and do something, in his words, "that rewarded me for the amount of work I put into the job."

For the most part, the payback of the past 16 years has been rich. Since 1976, sales have marched steadily upward. Sales at his two Honda stores in Oak Ridge and Cleveland totaled 1,250 cars last year, up 6 percent from 1989.

The organization has grown, and his scale of operations has expanded.

He is one of only a few dealers nationwide to receive two Saturn franchises, one in his native Chattanooga and one 150 up the road in Nashville. Since there are no other franchises between the two, his territory stretches from northern Georgia to southern Kentucky.

Aside from the efficiencies that will come from sharing inventory between the two territories, the Nashville Saturn dealership promises to become one of the easiest Saturn markets in the country, since the new General Motors car is made near there.

"There's no place in America where Saturn awareness is greater than in Nashville," Bowers points out. "On top of that, 4,000 Saturn employees and their families live there."

Setbacks don't seem to faze the 45-year-old retailer. A slow startup at Saturn left dealers around the country sitting in expensive new facilities with few cars for throngs of customers.

Bowers is concentrating on minimizing expenses, swinging support staff among his dealerships and promoting used-car sales until new-car volume rises. The Chattanooga store had only 14 Saturns on site in mid-January, but careful arrangement of the cars around the lot created the appearance of more.

"We're planning to do well at this the only way we've ever done well in our business," Bowers says. "And that's by concentrating on what people want. We were working on our CSI back in the '70s, long before it became an industry buzzword."

For Bowers, customer satisfaction means "following through on everything. Being responsive. Continual follow-up. Correcting mistakes and not letting wounds fester." His strategy might find him meeting with customers in the service lanes in the morning or phoning buyers himself.

It's also a strategy of holding up profits by holding down expenses, but not at the cost of employees.

"We've tried to promote from within, which builds loyalty and commitment and cuts turnover," he explains.

"We've also maintained an industry-leading compensation package for each market we're in. Everybody here — from the lot attendant to the general manager — is on some kind of incentive program. That gives each person a clear picture that the harder he works to please the customer and make the operation succeed, the better his reward."

Reward was a big motivation in his early career, he says. He started as a manufacturer's rep, selling the Tom Sawyer line of children's clothing in eastern Tennessee, Georgia and the Carolinas. The rewards were good, he recounts — good enough for him to accumulate enough cash, by age 29, to buy a passive 51 percent interest in a friend's Volvo dealership in Chattanooga.

But by the mid-1970s, he was tired of traveling and was thinking increasingly about operating his own business.

He got the chance sooner than he expected. In 1976, after three tough years for Volvo sales, his friend's dealership went under. Bowers bought the remains out of bankruptcy from a local bank.

"I knew the product was a good value, and I knew I could make it work," he says.

The Volvo dealership was profitable from the outset, a turnaround due largely to Bowers' long hours and willingness to wear different hats — making appraisals, selling, helping in the parts and service departments and running the business operation.

He added BMW in 1977, and for the next several years he exceeded his sales quota.

In its first year, the store sold 100 BMWs and 150 Volvos. By the early 1980s, it was selling about 200 BMWs and 300 Volvos a year. By the mid-1980s, sales reached 350 BMWs and 500 Volvos a year.

More diversification came in 1984 when Bowers opened a Honda store in Cleveland, near Chattanooga. "We've been fortunate to be in a growing market," he points out. "This area has attracted more points over the past few years, and sales here have increased steadily."

Oak Ridge, a smaller, white-collar city about 100 miles north of Chattanooga, became Bowers' first real out-of-town expansion in 1987 when Honda awarded him another new point. Simultaneous with that expansion, Bowers sold the Volvo-BMW dealership.

His success with European and Japanese imports has put him into a market niche he's happy with. "I've been approached by domestic lines, because of our penetration numbers and our CSI," he says. "But you've got to go where you feel most comfortable. I know the import buyer intimately. I don't know the domestic buyer."

Yet he jumped at the chance to be one of the chosen dealers for made-in-America Saturn. And not once but twice. Original plans were for him to operate the Chattanooga territory, a market that spills over into northern Georgia. But when Nashville dealer Lee A. Beaman, one of architects of the Saturn retail program, opted out of the Nashville territory, Bowers snapped it up last year.

"Saturn was attractive to me because its key focus is on the import buyer, which is also my focus," he says. "I don't think I've meandered too far."

Concentrating on business — and more specifically, concentrating on your strengths — will be a key to surviving the current downcycle, Bowers says.

"The trend is away from the mom-and-pop business toward larger dealers with several stores," he notes. "I'm not sure yet how I'll fit into that trend. But however you end up, the important thing will still be taking care of the customer. That won't change."

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Chicago

Tamraz switched from ad boss to auto mall host

By Peter Elstrom
SPECIAL CORRESPONDENT

Paul Tamraz has seen many hills and valleys in the cyclical automobile industry during his 17-year ride as a dealer. But he thinks this may be the deepest downturn of them all.

The long-term trends of tighter profit margins and surging costs are squeezing Tamraz along with other dealers across the country. And sagging consumer confidence is depressing car sales.

CHICAGO, ILL.
7-1-88 Population: 6,216,300
REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	320,308	356,593
Light trucks	88,836	94,192
TOTAL	409,144	450,785

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford Taurus	14,988	Ford Taurus	17,220
Chev. Cavalier	13,171	Ford Escort	14,941
Honda Accord	10,527	Chev. Cavalier	14,154
Chev. Lumina	10,063	Hyundai Excel	10,036
Ford Escort	10,036	Honda Accord	9,597

"This is probably as difficult a period as any of the recent difficult times," said the 46-year-old owner of Motor Werks of Barrington Inc., located northwest of Chicago. "Maybe even more difficult."

Still Tamraz thinks there's room for measured optimism. Cars continue to be considered a necessity by most Americans and he believes that with his nine-franchise auto mall he will be able to survive the continuing dealer shakeout and provide customers with the selection, service and price they desire. That, he expects, will translate into a healthy profit in the long term.

"This is a cyclical business," said Tamraz, a Flint, Mich., native. His father spent his entire career working on the line at Buick. "But people are still going to need an automobile to go to work, to go to the store or get around in. I think the future is bright."

While Tamraz now expects to have to wait out the industry slowdown, he showed little patience when it came to taking advantage of business opportunities at the beginning of his career.

After graduating from Michigan State University in 1966 with a major in advertising, he took a position in the advertising department at the *Chicago Tribune*. Only two years later, the 24-year-old struck out on his own and founded an advertising agency with two fellow *Tribune* employees, Jordan Tamraz Caruso Advertising Inc.

Paul Tamraz

BMW, Cadillac, Honda, Infiniti, Mercedes-Benz, Pontiac, Porsche, Saab, Sterling, Suzuki

Why did he leave the security of a big company for the uncertainty of a fledgling ad shop?

"You get to work a lot of hours," he quipped. More seriously, he added, "I think it's probably the desire to be self-employed, the ability to make decisions and act on them immediately."

The entrepreneurial bug bit again five years later. The ad agency had been specializing in car dealerships and Tamraz decided he wanted to try his hand at the business. Unfortunately, car manufacturers didn't think advertising experience constituted the proper qualifications to run a dealership. The search was frustrating.

Tamraz finally found the perfect match in AMC-Jeep: The car maker couldn't find anybody else to operate its new outlet in the Chicago suburb of Olympia Fields and Tamraz couldn't find another manufacturer that would entrust him with a dealership.

"It was the only franchise I could get," said Tamraz.

Nevertheless, through a combination of business savvy and good, old-fashioned luck, the dealership took off. "It did well," said Tamraz. "This was in the middle of the first oil embargo and the Gremlins and Hornets were seen as fuel efficient."

Tamraz kept the dealership one year because the one-way commute between his home in the northwest suburb of Long Grove to Olympia Fields, south of Chicago, took one hour and 45 minutes.

As a result of his experience in Olympia Fields he was able to buy a Pontiac dealership in Barrington, a wealthy enclave northwest of Chicago where he maintains his business to this day.

Tamraz has changed his operations dramatically over the 16 years he's worked in Barrington.

The most important shift occurred in 1987 when Tamraz built an auto mall, a 60,000-square foot enclosed structure with five franchises: Mercedes-Benz, BMW, Porsche, Sterling and Suzuki. (Pontiac was not willing to put its cars in a mall setting.) Motor Werks of Barrington has since expanded to slightly less than 100,000-square feet and added Cadillac, Saab, Honda and most recently Infiniti.

Tamraz said the idea to build the mall grew from years of watching trends in the automobile industry and other businesses. "The complexion of the business seemed to be changing," he said. "It just seemed to be a pattern of many more nameplates vying for the same size pie."

Tamraz pointed out that the auto mall concept has two distinct advantages over more traditional dealerships with only one or two franchises.

A mall is more convenient. Tamraz tells the story of a customer who wanted to trade his car for a Mercedes-Benz, a Cadillac or an Infiniti. At Motor Werks, he could get one estimate for his trade-in and test drive all three brands. "Would you rather do that three different times or just once? It's called one-stop shopping."

Tamraz said the mall is less expensive to operate. He pays for one building and one service department instead of nine separate facilities for each of these franchises.

"There are a lot more economies here in my opinion," he said.

The mall strategy appears to be paying off. Sales increased 19 percent to $104 million in 1990. Tamraz explained that the addition of Infiniti, which opened in May, accounted for about $10.5

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million of the increase. But even without the new line sales rose a relatively healthy 7 percent. New units sold totaled 2,440 in 1990, up from 1,775 in 1989, with Infiniti accounting for 362 units. Parts and service have been particularly healthy. Combined sales in those areas rose 23 percent to $12.5 million in 1990.

Tamraz has had to tighten his belt in some areas. He reduced his workforce about 10 percent to 210 employees last year and may have to make more cuts. He trimmed advertising about 20 percent and is keeping inventory minimal.

Still Tamraz wants to grow and take further advantage of the mall concept. He'd like to add less expensive cars to expand his business' reputation beyond high-priced automobiles.

Cincinnati

When a name isn't enough, service to customers helps

By T. Anthony Lamb
SPECIAL CORRESPONDENT

An old newspaper advertisement hangs framed on Tom Sweeney's wall. Above a group of children arranged from the smallest to the tallest, the headline reads:

"Seven Good Reasons Why Walter J. Sweeney Must Sell Cars!"

Tom was in this photo, and so was his dealer brother Jake. Two other Sweeney children were born after the ad ran, and today Tom has nine of his own children. A total of 10 Sweeneys are now in the auto business in Cincinnati.

Tom Sweeney says the immediate recognition of the Sweeney name has helped in building his Nissan dealership.

CINCINNATI, OHIO
7-1-88 Population: 1,448,800

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	65,767	70,207
Light trucks	23,955	24,702
TOTAL	89,722	94,909

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Toyota Camry	3,017	Ford Taurus	2,917
Chev. Cavalier	2,835	Chev. Cavalier	2,722
Honda Accord	2,555	Toyota Camry	2,588
Ford Taurus	2,370	Honda Accord	2,538
Chev. S10	2,298	Ford Escort	2,425

But today he has found that it takes more than name recognition to sell cars and make a profit, especially as a single-line dealer competing in a depressed Cincinnati auto market.

A few years ago as sales and profits began to sag for Tom Sweeney Nissan, he analyzed the problem and discovered that the customer had changed and his dealership had not.

"I realized that this became more of a people business almost overnight," Sweeney recalls.

"And I'll be the first to admit that we were doing a lot of things wrong. So the first change was in my attitude toward how we would serve the customer.

"And I wanted managers who shared my vision. Our managers needed to be interested in people, not just the money. The money will come if you treat people right because it's the customer who pays our salary."

To transform his company into a more people-centered dealership, he handpicked the managers and employees who could lead the customer service charge.

Tom Sweeney

Nissan

"Customer service from people who care is the main way we compete with the larger dealers," Sweeney says.

"We stress the people aspect. That's what sells cars and keeps customers coming back. The large dealers have a lot of mechanics and sales managers, but they aren't all good. The customer never knows what he's going to get.

"We have the best. Our employees know we care about them, and we seek people who also care and have a good attitude.

"I honestly believe that today's dealership must have people who can pamper the customer," he adds. "I see many of the larger dealers still trying to sell new cars only. Today, we are selling new cars through our service department. And customers will pay if they believe they are receiving the best service available."

This philosophy seems to be paying off.

Even though sales are down 16 percent, profits for Tom Sweeney Nissan are up. Used car sales, up 20 percent, have played a key role, but the service department has been the real winner for the dealership.

To make the service department more convenient, Sweeney extended the hours to 7 a.m. to 7 p.m., and he has boosted the operation by advertising over the radio a "unique grand opening" of the service department.

Along with the extended hours and advertising support, the change in service attitude helped the dealership garner a 76 percent increase in service revenues for the year and a 35 percent increase in parts.

"The last six months were profit months for us, and only two months of the last 12 were not profit months, and that's great in a very slow market," Sweeney says. "We stress excellence in our service department. There's no doubt that we have assembled one of the best groups of mechanics in the city. I put my son Shawn back there to organize the department and he's doing a great job.

"We are listening to customers. And we acknowledge when we are wrong. We are looking for criticism. That's how we get better and that keeps us on the leading edge."

The extended hours, Sweeney explains, also helped considerably because "it allows customers to bring their cars in before work and pick them up afterward. This is all part of our goal to give the customer what he wants, but it's also a way to make more during hard times.

"Our goal is not to participate in the recession," Sweeney adds.

"I want to get a bigger percent of a bad market and that's what we're doing. I want to get our CSI up and it's rebounding. And our goal here

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is to be No. 1 in the region in CSI."

While Tom Sweeney Nissan is the largest Nissan dealership in Cincinnati, it is dwarfed by the super dealers. But Sweeney uses his relatively small size to his advantage.

Unlike many super dealers, he was able to turn his company around with lightning speed. And he is ready to change again if his business or the consumer makes another shift. "We track our business daily. We track sales, service revenues, everything. We meet about the results and see if we can spot a trend and then we make adjustments daily."

The best selling models for Sweeney have been Maxima, Pathfinder and 300ZX. Sweeney says that sales were lost when Pulsar was discontinued.

Cleveland

Mullinax always on lookout for a good idea

By Lori Ashyk
CRAIN NEWS SERVICE

Ed Mullinax, one of the top-volume Ford dealers in the country,, says the business of selling cars is "a game" and that his aim is to have fun playing it.

"Business itself is pretty much a gamble," says the man who is best known to northern Ohio consumers as a down-home kind of guy (the voice of his TV commercials used to sing "Ed Mullinax is a friend of mine"), who loves the Cleveland Browns and despises foreign cars.

CLEVELAND, OHIO
7-1-88 Population: 1,845,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	113,859	113,575
Light trucks	28,756	27,849
TOTAL	142,615	141,424

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. Cavalier	6,805	Chev. Cavalier	5,687
Ford Escort	4,046	Chev. Corsica	4,200
Chev. Corsica	3,930	Ford Escort	3,979
Ford Taurus	3,793	Chev. Celeb.	3,840
Toyota Corolla	3,785	Ford Taurus	3,692

But judging from his strong financial results in an increasingly tough economic environment, the car business is a serious game that Mullinax seriously intends to win. And he's constantly coming up with new marketing plans and quality improvement strategies to prove it.

Ed Mullinax Ford consists of dealerships in Amherst, Ohio, about 35 miles west of Cleveland; Wickliffe, a suburb about 20 miles east of Cleveland; and Broward County, Fla. The Florida dealership opened at the end of 1989.

The company's sales totaled $161.6 million in 1990, compared to $114 million in 1989. Ed Mullinax Ford sold 4,443 new cars last year, compared to 3,639 in 1989. New-truck sales in 1990 numbered 4,068, compared to 2,692 the year before.

Mullinax says 1990 sales at his Ohio dealerships were about the same as in 1989, so the increases in vehicle sales and revenue came mostly from the new Florida operation. Despite the so-so sales, net income for Ed Mullinax Ford was up 50 percent in 1990. Mullinax declined to reveal specific profit figures.

He says he managed to have the third best profit year in the 20-year history of the company by slashing his advertising budget 15 percent, or $260,000; increasing the productivity of his employees; and reducing inventory.

Ed Mullinax
Ford

"We used to buy 200 cars at a time and figured we'd apply enough pressure (on ourselves) to get them sold quickly. Now, we're working on a 60-day inventory instead of 90 days," he says.

Mullinax says he can't predict the near-term future of the economy, but he seems prepared for whatever lies ahead.

He's pushing hard on improving the quality of service for his customers, expanding his service operations and putting more emphasis on selling used cars.

Sales for his Ohio dealerships probably will be flat again for the first six months of 1991, he says. In the second half, some new marketing strategies will kick in and, he hopes, boost total sales for the year.

He's aiming to increase the percentage of repeat customers to 60 percent from 50 percent through an "organized campaign" to contact everyone who's done business with Ed Mullinax Ford in the last five years.

Another of Mullinax's goals for 1991 is to increase sales of used cars 15 to 20 percent. In 1990, his company sold 3,824 used cars, compared to 2,829 in 1989.

"I see used cars as an opportunity for growth," he says. In order to encourage used-car sales, Mullinax will institute a 30-day return policy in the second half of the year. Customers who buy a used car and are dissatisfied with it will be able to exchange it for another one if they return it within 30 days of the purchase.

If the exchange plan sounds like something a clothing or department store would offer, that's not a coincidence.

"I steal all the ideas I can get" from other industries, Mullinax says. "I use a lot of ideas from outside the auto industry. I've always tried to sell cars different than everybody else."

His ideas about car selling, pilfered or not, seem to have paid off. He's been ranked among the top 20 Ford dealerships nationally for several years.

Mullinax grew up in the Akron area and began his career as salesman in Canton, Ohio, in 1957. He had owned part of a dealership in North Canton before buying a bankrupt operation in Amherst in 1970.

One of the ways Ed Mullinax West grew was through "an awful lot of promotions." In late 1970, for example, he held a "grand ole opry" in which country-western singers performed six shows in two days for an audience of potential customers.

Mullinax credits the "selling technique" his dealerships have used since 1980 as one reason for his success. He said his salesper-

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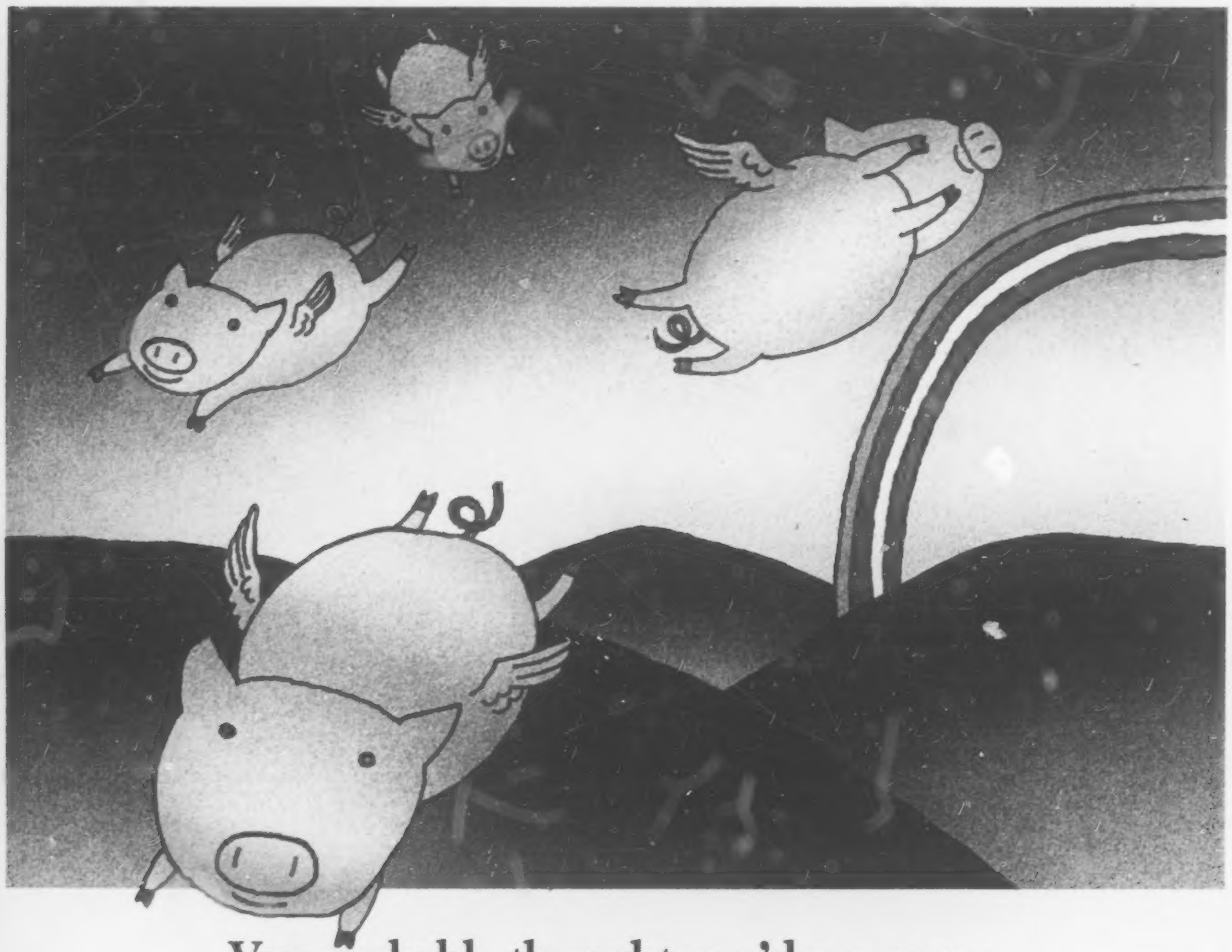
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sons don't discount the price of cars through negotiations with customers.

"Our first price is our best price. We do the discounting before the customer gets there," he says.

Size and visibility also have helped Mullinax sell Fords. Five years ago, he opened the Wickliffe dealership, which he believes has enabled his business to draw from a larger regional market.

The Wickliffe dealership, which has 95 employees, draws customers from as far east as Ashtabula, on Ohio's far eastern border; the Amherst dealership draws business from as far west as Toledo. Because the Amherst dealership can be seen from the Ohio turnpike, it's drawn the interest of travelers passing through from Michigan.

In late 1989, Mullinax launched the Florida operation, which has 110 employees and is run by his son, Jerry. His son, Larry, oversees the Amherst dealership. The Mullinax clan, along with Pat O'Brien, a fourth partner, own the company.

The company has spent much of its money and time in the last few years on upgrading the staff and on the parts and service business, Mullinax says.

In 1986, the company opened a 55,000-square-foot service center in Amherst, which Mullinax says is one of the largest operated by a Ford dealer nationally. A new service facility also is under construction in Wickliffe. Parts and service accounted for 9 percent of the company's revenue in 1990.

Service employees also are receiving training in how to interact with customers.

Salespersons are graded according to the quality-of-service surveys that Ford sends to its car buyers.

"Ford is doing such a good job in quality control," Mullinax says, adding that his dealerships tie bonuses and incentives to the quality rating that the salespersons receive.

"This (the quality rating) is the most important thing we do next to our financial statement," Mullinax says.

Mullinax thinks Ford is doing another thing right — ending rebates to customers. The automaker has said that it now will refund money to dealers, a move which Mullinax said will effectively cut his costs and the price of the cars he sells.

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Denver

'Dealin' Doug' wants a bigger piece of the pie

By Bud Wells
SPECIAL CORRESPONDENT

The most readily recognized automotive personality by a cou[illegible] mile in Colorado is Dealin' D[illegible] with his Cherry Creek Dodge dealership in Aurora.

This claim to fame is no challenge to Lee Iacocca. After all, the Chrysler Corp. chairman makes his pitch on a national basis.

The man from Colorado is Doug Moreland, and his television commercials have made Dealin' Doug and Cherry Creek Dodge almost household words in the state.

DENVER, COLO.
7-1-88 Population: 1,640,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	71,185	72,7[illegible]
Light trucks	35,561	34,[illegible]
TOTAL	106,746	106,928

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	3,962	Ford Taurus	4,062
Ford Taurus	3,343	Chev. S10	3,304
Chev. S10	2,824	Honda Accord	3,273
Toyota Camry	2,587	Jeep Cherokee	3,082
Honda Civic	2,530	Subaru Loyale	2,681

In fact, near the end of 1990, Cherry Creek Dodge had climbed to No. 7 in retail sales among Dodge dealerships. Ironically, the climb came even though the dealership experienced a sales decline in 1990.

There's more to Moreland's operation than his Cherry Creek dealership — lots more. Since his purchase of the Cherry Creek business 11 years ago, he has expanded into six other new-car dealerships.

And he's probably not through, "depending on what opportunities arise," he says.

Sales were lean for Chrysler Corp. products when Moreland bought Cherry Creek Dodge in suburban Aurora on Jan. 5, 1980. But he jumped right into it with little fear. He'd been associated with the products since getting into the business as a salesman for a Dodge dealership in Reno, Nev., in 1969.

"Don't forget that back then and through the mid-'70s, Dodge had some really rough stuff to sell, but we did it," Moreland says.

With the little front-wheel-drive Omni on the showroom floor and what would become an excellent-selling K-car on the horizon, Moreland optimistically launched his Denver business career in 1980.

Doug Moreland

Chrysler, Dodge, Eagle, Jeep, Mitsubishi, Plymouth, Pontiac, Yugo

With lots of hard work and long hours and a good local advertising campaign by Dealin' Doug, plus the benefits of the Aries K-car, the business showed steady progress during the next several years.

Moreland's first expansion came in 1985, when he purchased a dealership 70 miles north in Fort Collins, Colo. His Foothills Auto Plaza there now handles Chrysler, Plymouth, Dodge, Yugo, Jeep and Eagle.

In 1987, a deal was made for the Colorado Chrysler-Plymouth dealership in Denver.

He moved into the impressive "auto row" along Interstate 25 in Colorado Springs in 1988 with the Jeep-Eagle franchise.

His first venture outside the Chrysler Corp. circle of cars came in 1989, when he purchased Grand Pontiac in the Denver area. That was one of Denver's old downtown dealerships until it moved to the north suburbs five years previously.

The expansion move got heavier than ever last year.

Moreland purchased Colorado Jeep-Eagle in Denver in March; the Mitsubishi line was added to Grand Pontiac in July; and later

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the same month, a Reno, Nev., Chrysler-Plymouth dealership was purchased.

How does he keep up with all those locations? (Headquarters still is the Cherry Creek firm in Aurora.) "I'm on the phone frequently with each of them," Moreland says.

In addition, he visits each store in the Denver metro area at least once a week, and gets to those in Colorado Springs, Fort Collins and Reno at least once a month.

"But we have really good general managers at each of the businesses," he says. "Lots of times when discussing business matters with them by phone, they'll say what I'm thinking before I say it. We're on the same mind track most of the time."

The megadealer moves are expected to continue.

"I would say I probably will broaden my car lines, depending on the opportunities that arise, of course," Moreland says. "This casts no reflection on Chrysler, it's just a matter of broadening the base."

Sales for Cherry Creek Dodge were down about 25 percent in 1990 but, in the perspective of sales nationally, apparently were not all that bad. Cherry Creek had ranked no higher than 12th nationally in sales until reaching the seventh position late last year.

Sales declined slightly at the other locations, except for the Fort Collins auto plaza. Sales at the recently purchased Colorado Jeep-Eagle were ahead of those of the previous operation, Moreland says.

What's the plan for regaining the sales level of 1989?

"For '91, we're going to maintain our inventory and go after a bigger piece of the pie," Moreland says. "We've got the people, the product, the inventory, the advertising budget and the financing sources to make it a very successful year."

The front-drive Caravan minivan, in its seventh year of production, continues to be the big seller for Dodge, and the four-wheel-drive Cherokee remains popular in the Jeep line.

Moreland says the Eagle Talon is making strong sales inroads in early 1991, "but we need a much better inventory of the car."

"Dealin' Doug" television spots have been a trademark for Moreland. His photo is also carried in many of his firms' newspaper advertisements.

"Our television approach has worked really well," Moreland says. "I wouldn't consider dropping it, or even changing it. The exposure lets people know we're very human, it's very down-to-earth.

"With Dealin' Doug, I tell them 'If we can't meet or beat any other deal, we'll give you a car free.'

"We've never had to give away a car.

"We had a survey taken, asking people what they most frequently associated with the words 'Cherry Creek,' and a majority of the respondents identified Dodge."

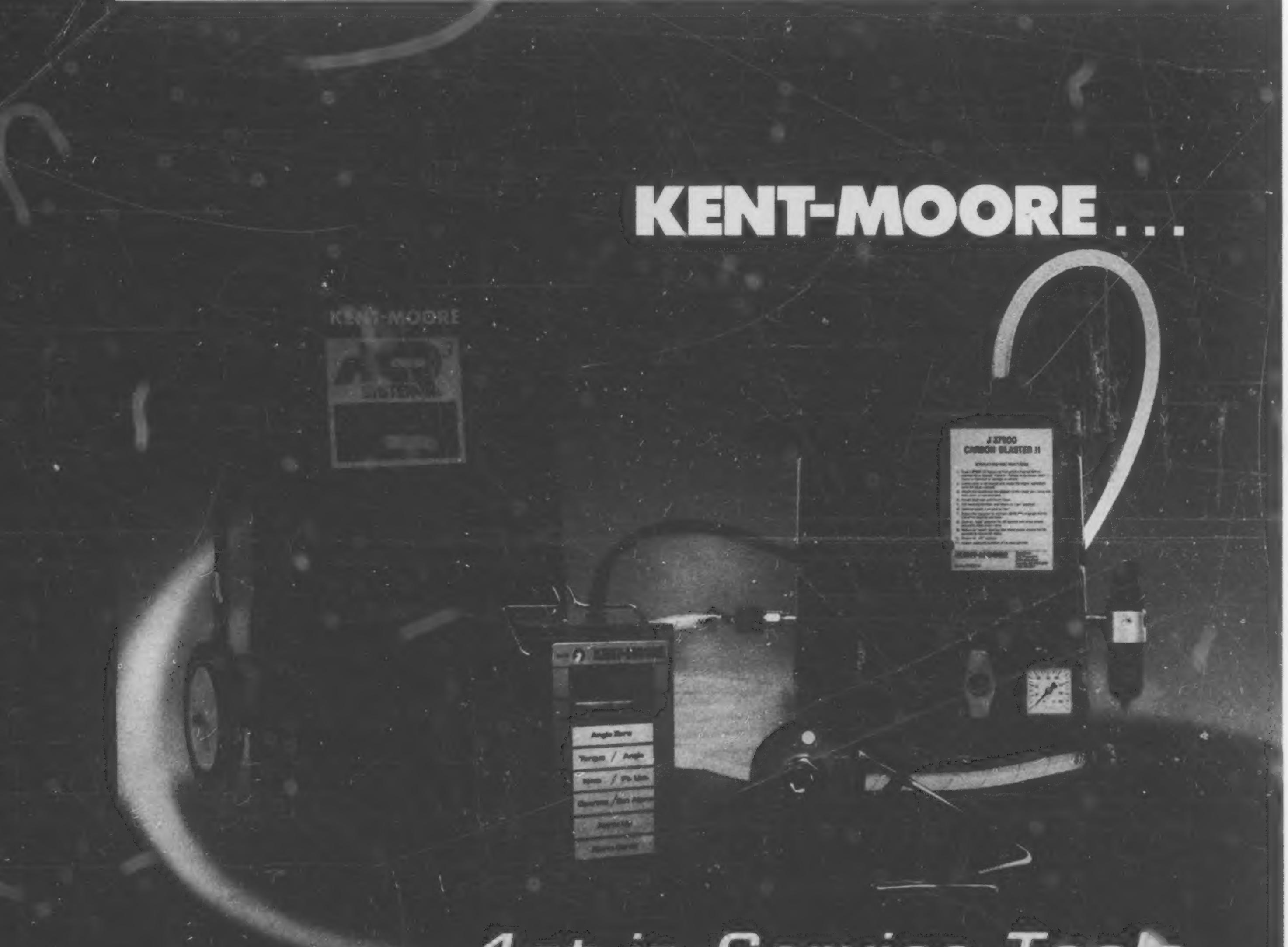
An ad in a different medium drew attention in December.

"Merry Christmas to the World's Greatest Boss . . . Doug Moreland," signed by 440 employees of the seven dealerships and a used-car center was a full-page ad in the *Denver Post*.

It was an inspirational bonus for Moreland.

"It was a total surprise to me," says Moreland, obviously pleased with the message from his workers.

Depending on opportunities arising, and given a decent sales performance in 1991, Moreland is a good bet to become boss to many more automotive employees in coming years.



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Detroit

Meade looks past the bad news to find the positives

By Colleen Belli
SPECIAL CORRESPONDENT

Kenneth Meade is an aggressive megadealer, and his latest venture seems to be in the right place at the right time.

He opened Lakeside Toyota and Lakeside Lexus 18 months ago on what used to be farmland in Detroit's northern suburb of Utica.

Today, the two stores, which stand side-by-side next to state highway M-59, are bustling with activity in an area busy with growth and construction of new homes and businesses. In 1990, the first full year in business, 1,000 Toyota cars and trucks and 700 Lexus cars were delivered.

"I'm very happy with what we've done here; M-59 is just being developed. It's going to be fantastic when it's all done. It's a very healthy place to be for long-term growth," Meade says.

While there are other Toyota dealerships in the Detroit area, Lakeside Lexus is the sole Lexus dealership and serves customer from both the east and west sides of Detroit and beyond. Meade described Lexus — the division, the product, the dealer body and the customers — as a wonderful relationship. The dealership sells every Lexus car it can get. At year end, there were only three in stock.

Kenneth Meade

Chrysler, Dodge, Lexus, Plymouth, Toyota

As chairman of the Meade Group, Meade also owns and operates Champion Chrysler-Plymouth in nearby Mount Clemens, Mich., and Pointe Dodge in Grosse Pointe, Mich., on the east side of Detroit. Both stores reported gains in volume and profits for 1990. Pointe Dodge sold 1,300 new cars in 1990, up 5 percent from 1989. Champion Chrysler-Plymouth delivered 1,100 units, up 2 percent.

"We had a positive 1990. We had some peaks and valleys, but overall it wasn't a bad year. It was good," Meade says.

Being a dealer in the Detroit area has been an advantage during the past six months. He notes that the Northeast and other areas of the country have been harder hit by the recession.

Meade looks to 1991 as a year of hard work with some uncertainties and further expansion. He expects industry sales to be about the same as last year.

"The industry will do exactly

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DETROIT, MICH.

7-1-88 Population: 4,352,400

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	271,240	295,952
Light trucks	116,520	117,238
TOTAL	387,760	413,190

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford Escort	13,620	Ford Escort	16,228
Ford Taurus	10,978	Ford Taurus	12,242
Ford Tempo	10,696	Ford Aerostar	10,689
Ford Aerostar	10,084	Ford Tempo	10,455
Ford Ranger	8,646	Ford Probe	9,731

like it did in 1990," he says. "The first six months will be tough but it will rally. I don't think Detroit is going to have as hard a time in this recession as in 1981. The factories are healthier cashwise, and the cutbacks were made earlier."

Car and truck sales in 1991 will depend on the situation in the Middle East. Meade, like all of the American public, is waiting to see what will happen. He looks to the job ahead.

"We just have to work harder and be a good merchandiser and take advantage of all the factory programs that are available to the dealer," he says.

Far too many people are taking the negative headlines too seriously when there are a lot of positive things to look at, Meade says.

"There are a lot of people working and a lot of people with savings accounts. There are a lot of cars out there four or five years old. People are going to need new cars. They're tired of their cars. They want new cars, new technology," he says.

Another positive indication was the drop in the prime rate to 9½ percent at the start of the new year. Meade looks for the prime rate to drop to around 8½ percent by April 1.

Another bright spot for Meade in 1991 is the opening of his fifth store. "We just got a Mitsubishi franchise," he says. "We will open Champion Mitsubishi, adjacent to Champion Chrysler-Plymouth, in March. I think we will do well. Mitsubishi has a great line of cars and trucks."

Meade expects to see more rebates from Chrysler, Plymouth and Dodge when needed on slower-moving models, but if he had his way, there would be no rebates. He prefers the Toyota way of doing business.

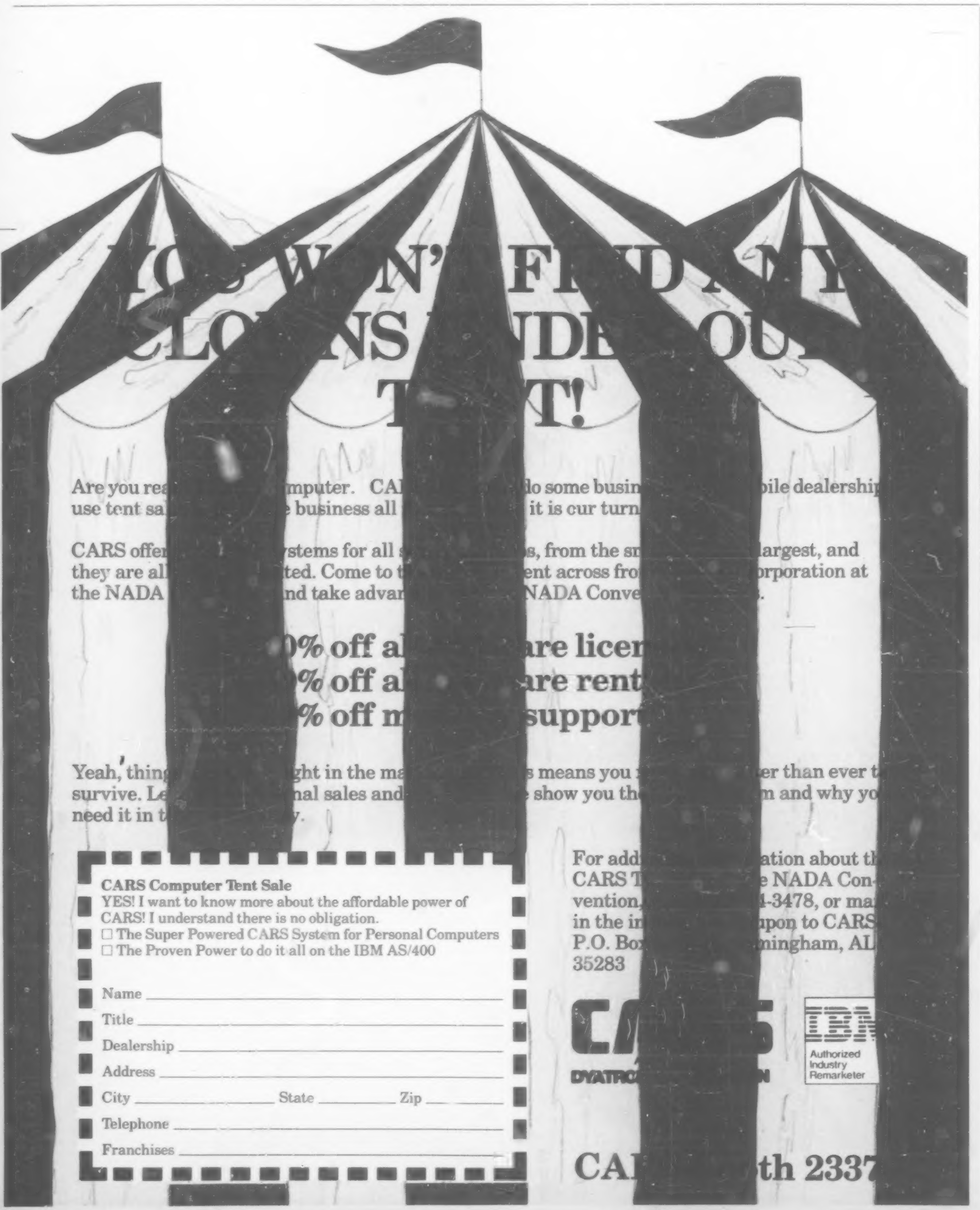
"Toyota doesn't offer rebates. They give cash to the dealer and let the dealer make the best deal with the customer," he says.

Meade also chastises the domestic automakers for failing to bring better products to market in a shorter period of time. And he thinks they are missing the boat by not marketing their cars more aggressively overseas. He cites three definite growth markets: Europe, the Pacific Rim and South America.

He explains, "The American automaker has to do better in product, technology and turnaround time. I think the life cycle of a car should not be more than five years. We've got to get rid of old cars and get smaller, better cars with new technology and materials on the road. We've got to get our American cars accepted overseas."

He criticizes the federal government for letting the deficit run wild: "The federal government is constantly trillions of dollars in debt. I think that's unfair to leave to the next generation.

"If we ever got the deficit under control, the prime rate would come down. That gives small businesses and all businesses more capital to invest and gets the economy going. We can't let the federal government continue to print money. They have to run the government like a business."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Honolulu

After humble start, Fukunaga empire moves 10,000 cars

By Lolly Winston
SPECIAL CORRESPONDENT

HONOLULU — Tom Fukunaga's first job was selling newspapers on the streets of Honolulu at age 9. He wanted to shine shoes, a much more lucrative occupation, but his dad wouldn't allow him to, because shoe-shiners worked in the grubby part of town, bustling with sailors on shore leave.

Fukunaga now is president and chief operating officer of Servco Pacific, one of Hawaii's largest locally owned companies and foremost automotive dealers. It employs more than 2,000 people in automotive, marine, general merchandising, financial services, research, planning-development and international service companies.

Servco operates in the Marshall Islands, Guam, Saipan, Japan and the mainland United States as well as in Hawaii.

Among Servco's automotive operations in Hawaii are eight Toyota-Suzuki dealerships, two Chevrolet dealerships, a Lexus dealership, a Toyota industrial forklift dealership and a Hino truck and bus distributorship.

Tom Fukunaga

Chevrolet, Hino, Lexus, Suzuki, Toyota

Over the years, Fukunaga has worked in just about every area of the car business. He started out as a grease monkey, gas attendant and delivery boy for his father's appliance business, then moved from lot boy, to office clerk, to salesman to lot manager. His first dealership was a used-car operation, which Fukunaga believes is the toughest area of the business.

"If you can sell used cars, you can sell anything new," he says.

In 1990, Servco Pacific sold 10,000 cars and trucks with a dollar volume of more than $200 million.

Servco's 1990 dollar volume was higher than in 1989, but that was due largely to the pricing of cars. Unit sales remained stable. Retail went up, and rental car sales went down because rental sales based on six-month buybacks are too tough to compete with.

According to Fukunaga, the most popular cars recently have been mid-sized and mid-priced — such as the Chevrolet Lumina and the Toyota Camry and Corolla.

Although Toyotas are the bulk of Servco's sales and are very popular

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HONOLULU, HAWAII
7-1-88 Population: 838,500

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	41,416	36,400
Light trucks	15,052	13,491
TOTAL	56,468	49,891

TOP 5 MODELS, MODEL YEAR

1990	No	1989	No.
Pont. Sunbird	3,687	Honda Accord	3,116
Honda Accord	3,089	Nissan Sentra	2,443
Toyota Corolla	2,569	Honda Civic	1,959
Honda Civic	2,263	Ford Mustang	1,411
Nissan Sentra	1,787	Toyota Corolla	1,211

in Hawaii today, Fukunaga remembers the 1960s, when it was almost impossible to sell the Toyopet, which was the name of the earlier Toyota.

"It had no power to climb hills except in first gear at about 5 miles per hour, causing a 'funeral procession' for miles," he says. "But the cars were built super solid, like tanks. Gas mileage was great. The brakes worked well because you heard them a hundred yards away.

"The squealing sure aggravated a lot of owners. The original cars were so bad that when the new, improved models were to be introduced, we recommended that the name Toyopet be changed to the family name, Toyoda, and almost lost our franchise for doing so. The name was finally changed to Toyota, because it sounded better, among other things."

Tom Fukunaga's father, Peter Fukunaga, was born in Hiroshima, Japan, and moved to Hawaii in 1906 at age 16. He started his business in 1919 when he opened a two-car shop for $1,500, with a $25 down payment, on Oahu's North Shore in the now-famous surfer's village of Haleiwa.

In 1926, he obtained Hawaii's first Chevrolet franchise, and in 1958, a year before statehood and two years before his death, he negotiated an exclusive import-distribution franchise for Toyota vehicles, which catalyzed the huge growth of Servco.

Tom Fukunaga says the tricks of the trade his dad taught him are, "Work hard. Sell hard. Take care of your customers. Motivate your sales and service people and have more service outlets than other dealerships. The emphasis was always on service, hence the name of our company, Servco Pacific."

Today, factors contributing to the struggle for Hawaii dealers doing business in already-difficult times are the rise in television advertising rates, health insurance and, most significantly, property rental charges.

"Most of Hawaii's dealers are located on leased land, with rent escalating at a 3 to 30 times rate," Fukunaga says. "Although Servco has a number of leases, we're fortunate because some of our dealerships are on fee properties owned by the company. The lease rent problem hasn't hit us quite as hard.

"But land prices have increased from $50 a square foot to $500 a square foot in Honolulu locations, forcing dealers and many other businesses to more remote parts of the island, which is inconvenient for our customers.

"There may even come a time when we will have to buy a huge car carrier and operate off of it out in the ocean. It may sound funny, but you never know, with our limited land and prices going up with no end in sight."

Labor costs have also gone up tremendously, but in Fukunaga's opinion if they don't, you can't compete for good sales, service and parts people.

There is a shortage of good people because of Hawaii's low unemployment rate. Sometimes, Servco Pacific runs help-wanted ads and receives no response. That is the case for companies throughout the state. Unlike the mainland, there have been no layoffs. "That's the least of our worries," says Fukunaga.

"The upcoming months and years look even tougher," Fukunaga says. "A lot of Hawaii's buying power is tied to military personnel and their families, who have everything on hold now because of the situation in the Middle East.

"Also, the glutted U.S. market has affected Hawaii tremendously, as manufacturers bring cars into our rental market that are eventually bought by our retail customers. This may seem to be good for consumers, but it will squeeze a lot of smaller dealers out, as gross margins decrease while our operating expenses increase."

What does Hawaii have going for it? "The fact that the recession hasn't hit quite as hard as on the mainland, yet, thanks to our strong tourism industry, military expenditures and foreign investment, although that has tapered off recently. And outstanding weather all year round."

As for handling today's industry challenges, Fukunaga says, "It's a time to look very closely at expenses. It's a difficult time for anyone in the industry to relax."

Indianapolis

Smart, nimble family dealerships will survive '90s

By Bill Koenig
SPECIAL CORRESPONDENT

This is supposed to be a time of megadealers, multiple locations and a new era of publicly held dealers.

If that's the case, Lockhart Cadillac Inc. here is an anomaly — a family-owned business with a single location.

That doesn't mean the Lockhart group is standing still. The company last fall opened a Saturn franchise, and two others are planned.

Still, this isn't even close to megadealer status.

INDIANAPOLIS, IND.
7-1-88 Population: 1,236,600

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	52,203	58,212
Light trucks	23,493	25,414
TOTAL	75,696	83,626

TOP 5 MODELS, MODEL YEAR

1990	No	1989	No.
Chev. S10	2,407	Chev. S10	2,622
Chev. Cavalier	2,238	Chev. Cavalier	2,419
Honda Accord	2,015	Ford Escort	2,147
Ford Escort	1,709	Subaru Loyale	2,005
Ford Ranger	1,525	Ford E'line	1,758

In fact, executives here say real estate and other costs may retard the megadealer trend.

"I think you'll see a decrease in megadealers," said Lynn Kimmel, vice president and daughter of chief executive Freda Lockhart. "I would hate to be in a position to support 15 to 20 franchises."

Added her half-brother, Marc Lockhart, the vice president and general manager:

"We're too hands on. There's always an owner around."

The two spoke in a recent interview because Freda Lockhart was recovering from a back operation. They say the family dealer can survive in the 1990s by being smart and nimble.

Freda Lockhart

Cadillac, Saturn

During much of the past decade, Lockhart said, "You had a number of good years. Anyone could be successful in the car business."

Now, the executives say, dealers must watch expenditures and rethink marketing approaches.

Lockhart Cadillac is maintaining a conservative inventory, currently around a 45-day supply. That may be increased to about a 60-day supply later in the year, but the dealership watches inventory carefully.

Another expenditure under evaluation is for advertising and marketing.

Lockhart Cadillac is doing less advertising in newspapers. In its place, Lockhart sends direct mail advertisements to customers and would-be buyers.

The dealership avoids prime-time advertising on network affiliated television.

Instead, it buys time on shows that executives feel Cadillac customers are more prone to watch. For instance, Lockhart Cadillac buys local spots on the syndicated "Wall Street Journal Report" as well as local spots on CNN and ESPN.

"You have to be smarter in your advertising dollar," says Kimmel.

Lockhart Cadillac also is using leasing as an alternative to traditional sales.

Kimmel said that option arises from five-year or longer financing programs for car purchases. "Five- and six-year financing has been a killer," she said. As a result, the dealership hopes lease programs bring customers back more often.

Freda Lockhart has owned the Cadillac store since 1973. She had an accounting background and later worked as an executive at dealerships in Indiana and Florida.

She bought the store on North Keystone Avenue in Indianapolis following the death of its owner.

Enthusiasm for the ca

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spread to her children.

"We're in it by choice, not because we inherited it," Lockhart says.

Family members, in fact, have spread around duties, attempting to play to the individual strengths of each.

Kimmel's main expertise is in financial and administrative matters. Her husband, Charles, is general manager of the new Saturn dealership. Lockhart's primary area is sales; she is the chief executive.

"You cannot let egos and personal feelings get involved in the day-to-day operations," Lockhart said.

Enthusiasm also is helpful for getting through the current downturn in the car market.

The Cadillac store normally sells about 1,000 new cars a year. For 1990, the dealership estimates it sold about 850 units and expects slightly lower sales this year.

"We've been through crises before," Kimmel said.

"We'll probably be there again. We don't feel like we'll be hurt too badly. We have a lot of repeat business."

Like other Saturn dealers, the Lockhart store has been affected a slow supply of cars coming out of the Spring Hill, Tenn., plant.

But the executives say it's something they can cope with. "At least Saturn has kept quality ahead of numbers," Lockhart said.

And they say Saturn was the right move.

"If we were going to diversify, we didn't want to take on a car line where we'd be competing against ourselves," Kimmel said, referring to the Cadillac line.

"They (Saturn) are on the right track. That's what it's going to take."

Looking ahead, Lockhart executives say they need to get younger buyers — as well as import customers — interested in Cadillac.

Kimmel said the dealership wants to attract more buyers in the 35 to 50 age range, especially those who have bought BMW or other imports.

"One of the challenges we have is to reach that buyer who has been with an import to at least consider our product," Kimmel said.

Lockhart said Cadillac's winning the Malcolm Baldrige quality award "is a stepping stone."

Kimmel said she feels good about upcoming Cadillac models. "I'd be more negative about the '90s if we didn't have the product we have," she said.

The executives acknowledge they'll need good models as Japanese automakers accelerate their luxury-car efforts.

"They got a foothold in the late '80s," Lockhart said. "They're going to try to dominate in the '90s."

Indeed, while the Lockhart offerings — Saturn and Cadillac — differ in sizes, Kimmel said they share similar marketing challenges. Saturn is intended by GM to lure back customers from Japanese marques.

Kimmel even sees some benefits from the next 12 months. "A slowdown period makes better dealers out of you," she said. "You get to the basics. You can make a profit."

Kansas City

Service emphasis keeps Thompson's bottom line in tune

By Don Lee
SPECIAL CORRESPONDENT

At 7 p.m. on the second Tuesday of every month, Frank Thompson leads an unusual class at his Jeep-Eagle dealership in Overland Park, Kan., a suburb of Kansas City.

His students are new-car buyers from the previous month and they're there, usually in a group of 30 to 40, to learn about Thompson's service and parts departments and body shop.

"Forty-seven percent who buy cars here attend the Tuesday seminar," Thompson says while flipping through dozens of records. "I've found that as time passes, this group of people turns out to be my most loyal customers after they're out of warranty."

Thompson has been building a solid base of customers for years with such programs that emphasize service. In recent months, that investment has paid big dividends.

"My service, parts and body shop business has been excellent," declares Thompson, who's owned the Overland Park Jeep-Eagle dealership since 1981. "But now that we're in tough times, it's actually carrying my whole business."

Frank Thompson

Eagle, Jeep

Indeed, Thompson says that the back end now pays all the dealership's fixed overhead, well above the 75 percent shop absorption rate for the industry. Along with improved used-car sales, that has enabled him to remain profitable despite a 33 percent decline in new-car sales since last October.

For all of 1990, Thompson says his revenue was $30 million, about $3 million higher than the previous year. He sold about 770 new cars last year, 80 fewer than in 1989, but his used-car sales in 1990 jumped 22 percent to 732.

"For the year totally, it was the best for profits since I've been a dealer," he says. "The reason is my service, body shop and parts."

Thompson, 59, believes his attention to service comes from his background. After graduating from high school in Kansas City, he went to work full-time in the parts department for a new-car dealer.

That job, with a Pontiac dealer in Kansas City, lasted 10 years. "Through those years of experience," he says, "I discovered how important it was to take care of customers after the sale."

The ensuing years saw Thompson slowly work toward his goal of becoming a new-car dealer. After running an independent used-car operation for four years, he spent 10 years with a new-car dealer, managing used-car sales.

In 1973, when what is now Overland Park Jeep-Eagle opened on 4.5 acres along this city's main thoroughfare, Thompson became the dealership's manager. He bought out the owner in 1981 and

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KANSAS CITY, KAN.-MO.

7-1-88 Population: 1,575,400

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	70,650	71,890
Light trucks	31,350	32,198
TOTAL	102,000	104,088

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	3,151	Ford Taurus	3,411
Ford Taurus	2,995	Ford Escort	3,176
Ford F150	2,705	Ford Tempo	2,917
Ford Tempo	2,382	Honda Accord	2,848
Chev. Cavalier	2,313	Ford F150	2,846

almost immediately began refining the dealership's service operation.

The progress he has made is evident in the awards he's received. They include recognition by *People* magazine, which has named his store one of the country's top five Jeep-Eagle dealerships for the last four years. Thompson's dealership has also won awards from Chrysler Corp. for achieving the highest customer service index of any volume Jeep-Eagle retailer in the United States.

"For years, we've been told by manufacturers to take care of customers after sales," says Thompson, "but I feel other dealers have neglected the back end."

Thompson, who's also an avid collector of antique cars, attributes his success partly to quick service and competitive prices. For example, an oil change, lube and filter costs $19.95 at his Jeep-Eagle dealership. That's less than some nearby independent auto shops charge, and it can be done just as quickly, Thompson contends.

"I want them coming here for the lube and the tuneup," he says.

Thompson has an experienced staff. The mechanic with the least seniority has been with him for eight years. And among top managers, all those who started in 1981 are still around. "They stay long because my shops are very busy, and they make large paychecks," he says of his mechanics and many of his other staff of 47.

Even with a top-rated service department, Thompson figures to have his hands full this year. He expects sales to remain anemic at least through the early part of 1991. "The last time it was down this much was 1982," he says.

Indeed, many in this area have not done as well as Thompson, as the closing of a dozen Kansas City-area dealerships in the last year attests. That included the demise of a Jeep-Eagle dealership, one of six in Kansas City.

There are about 110 new-car dealer locations in the metropolitan area, making it an extremely competitive market.

Like other dealers, Thompson plans to stock fewer cars during the downturn. His inventory has dropped about 20 percent since sales began slipping in October. He's also cut advertising spending by 40 percent since last fall.

Thompson doesn't blame manufacturers for dealers' troubles, but he thinks automakers can help by giving incentives to dealers in addition to incentives to customers. "The dealer needs an incentive to leverage a car deal," Thompson argues. "I want a little bit of both. That's when it works the best."

Thompson also would like manufacturers to assist dealers in providing better health and welfare benefits for workers.

"As a small businessman, I can't afford to pay for the best hospitalization or retirement," Thompson says. "They could help us by creating benefits that factory people have. We could attract better salespeople if we could offer bigger and better fringe benefits."

Whatever 1991 brings, Thompson says he'll be ready, greeting customers not only on the showroom floor, but in the back.

"Car sales are important, but you can never forget about the back end, taking care of customers," he says. "Most people come for warranty work and then don't come back. But we want them for a long haul."

Los Angeles

Boeckmann sees opportunities in down market

By Jeff Horne
SPECIAL CORRESPONDENT

LOS ANGELES-LONG BEACH, CALIF.

7-1-88 Population: 8,587,800

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	342,965	393,434
Light trucks	128,230	142,255
TOTAL	471,195	535,689

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	25,990	Honda Accord	21,028
Toyota Camry	18,103	Toyota Camry	19,327
Toyota Corolla	15,747	Toyota Corolla	16,902
Honda Civic	14,849	Nissan Sentra	15,135
Toyota s'bed	13.204	Toyota s'bed	14,300

After 44 years in the car business, Bert Boeckmann figures even a recession has its up side.

"You have unique opportunities in a down market," says the president and owner of Saturn of the Valley and Galpin Ford-Hyundai-Lincoln-Mercury in Sepulveda in the San Fernando Valley.

"Some come (from) buying used cars. Some come (from) working with the factory on a promotion. You may be able to dominate advertising more easily because others feel they can't afford it," he says.

Bert Boeckmann

Ford, Hyundai, Lincoln-Mercury, Saturn

Liquidity and a "do-as-others-don't" philosophy are Boeckmann's keys to thriving in tough times.

"When I'm talking about being well capitalized, it's not that I've got the dollars to survive by offsetting what we lose; it's that I have the dollars to go out and create activity in a down market where others might not have that opportunity," he says.

"When other dealers are selling used cars because they want to meet payroll, I'm buying used cars. When they're cutting inventory, I'm stabilizing inventory to show strong displays."

In 1990, a year in which most dealerships struggled to simply survive, Galpin Ford's volume rose: 6,734 vehicles sold in 1990, 6,208 in 1989. New car sales were down (from 3,479 in 1989 to 3,033 in 1990), but new truck sales more than picked up the slack, jumping from 2,729 in 1989 to 3,726 in 1990.

But the other Galpin stores felt the effects of the economic slowdown. The Lincoln-Mercury outlet sold 820 new cars in 1990 compared to 1,065 in 1989. Galpin Hyundai sold 1,124 new vehicles in 1990, down from 1,594 in 1989.

"With Hyundai, you had a number of hits," Boeckmann explains. "Typically, they're first-time buyers so the financing is very difficult because you have a higher incidence of collection and repossession cost. Secondly, the J.D. Power reports regarding quality had a negative bearing on the product."

Galpin's Lincoln-Mercury and Hyundai stores were also adversely impacted by the Oct. 25 opening of Boeckmann's new Saturn of the Valley store. He had planned to build a new facility to house the Saturn franchise, but the high cost of Southern California property rendered such a project unfeasible. Instead, the Hyundai and Lincoln-Mercury operations were merged, and Saturn of the Valley took over Hyundai's former site.

Saturn of the Valley's biggest problem is inventory. In its first two months, it sold 118 cars; every car it had except demos and showroom vehicles. "The product has been coming in very slowly," Boeckmann says. "We're running between 20 and 30 percent of projected production."

Boeckmann thinks 1991 will be much the same as 1990 in the car business.

"If you said to me, 'Do you see something so extreme that dealers should really be fearful?' I'd say, 'No.' If they made money last year, they should be able to make it this year. If they lost money last year, they're going to continue to lose money unless they change their operations."

The recession offers the perfect opportunity for dealers to scrutinize and streamline their operations.

"During periods like this, you have to do more training with your salespeople, have more contact with them, be more upbeat with them and look at programs that stimulate their income so they respond and do a better job for you," he says.

"This is a great time to improve your staff from top to bottom, either through training or replacement. Assess your store and evaluate each person working for you. Ask, 'Is this person doing the job I want him to do or did I hire people that may not reflect what I want to reflect in my store.' "

Exceptional customer service is especially important in this type of market, Boeckmann says. "Customers anticipate more when they buy, both in the way they're treated and in the quality of the car. Instead of asking the customer to come by and sign this, say, 'Let me bring it to you so you're not inconvenienced.' A dealer needs to exceed a customer's expectations."

At a time when many dealers are cutting their marketing budgets, Boeckmann is increasing his advertising. His ads emphasize good buys on a wide selection of vehicles rather than one-of-a-kind offerings.

"We go out with real values," he explains. "I say we have 27 of these to offer them. We let people know that these are not price leaders."

With new-car buyers programmed to expect rebates, Boeckmann has mixed feelings regarding Ford's replacement of most of its customer cash-back programs with dealer incentives.

"Short term, I think it's a profit stimulus to the dealer," he says. "He may not have quite so many people coming in, but he's in a better position to deal with those that do.

"The problem may come when salesmen get more used to it and give away more than they should, or in raising the customer's expectations so that the next time he comes in to buy, he doesn't believe you when you tell him you don't have the margin he's looking for."

Boeckmann suggests blending customer cash-back on selected models with a dealer incentive program. "I would try to stay in that rebate market as long as the others are in there, just to let them know we're still in the ball game."

Whatever happens with rebates, dealer incentives or, for that matter, the economy in general, Boeckmann is optimistic about his company's future. "In every downturn, our penetration of the market has increased," he says.

Louisville

Swope turned down mall idea; his auto park thrives

By T. Anthony Lamb
SPECIAL CORRESPONDENT

LOUISVILLE, KY.

7-1-88 Population: 967,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	31,614	33,647
Light trucks	14,837	14,491
TOTAL	46,451	48,138

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. S10	1,561	Chev. S10	1,549
Ford Ranger	1,341	Ford Taurus	1,448
Chev. Cavalier	1,172	Ford Escort	1,327
Toyota Camry	1,074	Ford Ranger	1,321
Ford Escort	1,056	Chev. Cavalier	1,098

Dick Swope keeps his finger on the pulse of the auto industry and looks for new trends. A few years ago, as auto malls came on the scene, he was intrigued by the idea of selling multiple lines under one roof.

Faced with expansion and consolidation of his Swope Automotive Group Inc. dealerships in Louisville, he examined the concept. His expertise is finance, and he immediately saw that an auto mall could reduce construction, utility and manpower costs. He considered all those advantages before rejecting the idea.

Instead, the 41-year-old dealer and his uncle, Sam Swope, developed the Louisville Auto Center two years ago. It is an auto park that helped the Swopes increase sales in an era of declining revenue for auto dealerships. Today, it is seen as a model for a successful auto park.

Dick Swope

BMW, Cadillac, GMC Truck, Honda, Mitsubishi, Pontiac, Saturn, Volkswagen

Located on 24 acres along one of Louisville's busiest corridors, the Louisville Auto Center is an attractive campus of individual Cadillac, Mitsubishi, Honda and Pontiac stores and satellite offices for GMC Truck, BMW and Volkswagen outlets located in other parts of the city.

The cluster of modern buildings of brick, steel and glass set on well-manicured grounds looks more like a new suburban office complex than a car dealership, more like individual department stores than a mall.

"The mall idea looks good, and we talked with a lot of people about it, including manufacturers," Swope says. "The manufacturers told us that they believed each line needs its own, distinct image, and they were right. We have found that this is the way to maximize both gross and volume.

"We probably don't have a lot more overhead than a mall, but our personnel costs are higher. But each store is fully staffed with people who sell just the lines at that store. They know the products better, and our profit opportunity is higher."

From the very beginning, customers have liked the concept. The consolidated stores' sales volume rose in the first year and stayed about the same during 1990, a good record in a depressed national auto market.

"The manufacturers were very pleased with our facilities when they first saw them, although a few expressed concern that the buildings were too much for the product," Swope says. "We stopped their fears through gross."

Manufacturers play an important role in Swope's business; that is evident by the number of times he refers to them in conversation. And the manufacturers' arguments against the mall option played a definite role in his decision to build the Louisville Auto Center.

Says Swope, "We have a philosophy here: 'You never win a fight with manufacturers.' We have always had a good relationship with them. Our mutual success relies on our spirit of teamwork and what comes out of it."

It might seem that Swope's respect for the manufacturer/dealer relationship was forged during the four years he worked in the finance department at Ford Motor Co. in Dearborn, Mich. But Swope says the most important management tools garnered from that experience were finance and budgeting techniques that he still uses today.

Swope's respect for the power of teamwork most likely springs from the influence of his family. His father opened a Chrysler-Plymouth dealership in Elizabethtown, Ky., in 1951 and his father's brother, Sam, started Sam Swope Pontiac in Louisville in 1961. Dick's older brother, Carl, now runs the Chrysler-Plymouth dealership.

"I'm probably not that different from other second- and third-generation dealers who grew up living, eating and breathing the business," says Swope, adding that he feels he may have an advantage over some others. "This organization is the result of the vision and strong leadership of Sam Swope. I am the beneficiary of that, and that puts us in a good competitive position."

Having grown up in the business, Swope has seen recessions and knows how to respond to a downturn. But he says sales have not slumped at his dealership or in his market.

"New-car registrations are off only 4 percent from 1988. Louisville has been somewhat insulated, so I would have to say that business has been good here."

But he does acknowledge a change in the marketplace. "Our task as dealers is changing because it is less of a market driven by price advertising," he says. "To distinguish a dealership today means bringing the customer back with better service.

▶

"And it's no longer an issue of satisfying them; we have to make them enjoy the experience," he continues. "To do that, it takes good people who are trained in hospitality. Employees need to understand that customers want a warm, pleasant experience.

"That is why we adopted a training program used by the hotel industry. It focuses on customer service to help increase the perceived value of their visit."

Currently, Swope's hottest selling new cars are the Honda Accord and Pontiac Grand Am. He has a letter of intent to sell the Infiniti in Louisville, and by next fall Swope Automotive Group will have two Saturn dealerships — one that is already in operation in Orlando, Fla., and a new one in Louisville.

Memphis

New kid in town is doing fine, but it's a tough market

By T. Anthony Lamb
SPECIAL CORRESPONDENT

MEMPHIS, TENN.

7-1-88 Population: 979,300

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	34,843	41,640
Light trucks	18,393	21,046
TOTAL	53,236	62,686

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. C1500	1,724	Chev. C1500	2,091
Toyota Camry	1,589	Toyota Corolla	1,864
Ford Ranger	1,531	Ford E'line	1,580
Ford F150	1,407	Ford Escort	1,556
Honda Accord	1,383	Toyota Camry	1,524

So far, Russell Gwatney's experience in Memphis has been like that of the rich kid who moves to a tough neighborhood in Brooklyn. The boys are bigger, and they play a little rougher.

But Gwatney, a 39-year-old second-generation dealer, seems to be standing his ground with his two Chevrolet dealerships and is poised for future growth now that the first of his three Saturn points in Memphis is open.

Russell Gwatney

Chevrolet, Saturn

Gwatney came from Jacksonville, Ark., a suburb of Little Rock, where his family owns Gwatney Chevrolet, a high-volume operation. The Arkansas dealership has been so dominant that in 1990, a down year for most dealers, it was only five units short of its record for new-car sales.

With 30 years of success in Arkansas, Gwatney and his father decided to enter the Memphis market in 1988 by buying an existing Chevrolet point.

Suddenly, they were outsiders, a small dealership among giants. Competitors included a regionally dominant Chevrolet market leader, one of the nation's largest import dealers and a couple of the country's largest megadealer families.

"We thought that success in Memphis would be as easy for us to attain as it was in Arkansas," recalls Gwatney. "But that is definitely not the case. This is a very competitive market. There are so many good dealers here, larger dealers. They are professional car people, and many have dozens of dealerships.

"Instead of being the largest, I'm the little kid here. It's much harder to make inroads than we imagined."

Despite that tough competition, Gwatney increased his presence in Memphis by purchasing another Chevrolet dealership in 1989. The strategy was to create a synergy between the two dealerships, which are 18 miles apart.

"In the short run, it looks like our strategy has hurt us," says Gwatney. "We seem to be competing a little with ourselves, with one store being up for the year and another being down. I'd say we've about broken even.

"But compared to what the previous owners of the stores did, we are doing all right. But I believe it's just a matter of time. We really haven't given it enough time to work or get all our systems in place."

If Gwatney does not succeed, it won't be because he didn't work hard enough. In each of his three years in Memphis he has opened a dealership; in 1990 he built a Saturn facility.

"The most strenuous work I can remember in the three years is the week we held interviews for Saturn salespersons," he says.

"More than 120 people came in and filled out applications. We followed Saturn's way of hiring people by showing candidates presentations about Saturn. And we reduced the candidate pool to a smaller number. I'll bet we spent a hundred hours in a week just hiring people."

Gwatney believes that working hard combined with working smart is paying off.

"We have a great sales team at Saturn, and I think the Saturn criteria we used for hiring people is right on target," he says. "I wouldn't have believed it, but only three out of the 10 people we hired had ever sold cars before.

"Then, instead of focusing on trade-in values and prices, we spent 25 days teaching the product and the Saturn way to do business, and only two of those days were for talking about price and trade-in value.

"We've been open three months, and our customers have been extraordinarily complimentary about our sales staff. If this works here, we are going to take this training model to our other stores."

Gwatney says that Cavalier, Corsica, Beretta and almost all trucks are selling well in Memphis, and no Chevrolet model is doing unexpectedly poorly.

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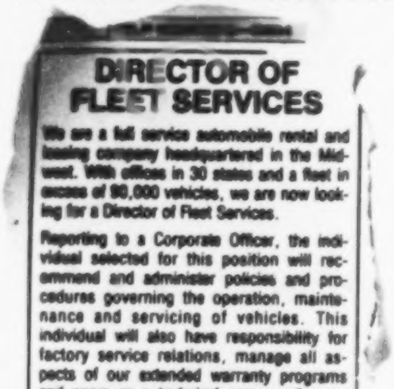

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Miami

Ex-pitcher makes the majors in a tougher game

By Jack Walsh
SPECIAL CORRESPONDENT

MIAMI-HIALEAH, FLA.

7-1-88 Population: 1,813,500

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	118,540	122,388
Light trucks	28,349	28,571
TOTAL	146,889	150,959

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Pont. GrndAm	5,765	Chev. Cavalier	5,517
Geo Prizm	4,859	Pont. GrndAm	5,442
Cad. DeVille	4,853	O. CSupreme	4,857
Honda Accord	4,161	Chev. Corsica	4,838
Chev. Corsica	4,080	Honda Accord	3,962

Thom Lehman never made it to the major leagues in baseball, although he was only a "pitch" away. But he's made it to the big time in auto retailing, and he's finding that it's as tough or even tougher to compete in the automotive world.

"The car business today is the toughest since I've been in it, more than 20 years," says Lehman, owner and president of Hallett Pontiac-GMC in Miami. "The No. 1 problem is the Middle East. The economy here is weakening, and consumers are leveraged to the hilt — credit cards, high mortgage payments and long-term financing on their cars and trucks.

"But at age 43, I enjoy the challenges," he says. "Competition is getting tougher — major league all the way. Maybe it's my background in sports that makes me determined to stick it out."

Lehman expects new-car sales to continue soft until this summer or fall, but he says light trucks have been selling well and should continue to do well in 1991.

Baseball and the auto business have been in Lehman's blood since his school days in the early 1960s in the Buffalo (N.Y) area. Ed Hallett, a friend of his father's, operated a Don Allen Chevrolet dealership in Buffalo and hired Lehman to do odd jobs.

"I started working for Ed when I was 13 years old," Lehman recalls. "During high school summer vacations, I worked in the dealership in the daytime and pitched for teams in several leagues at night and on the weekends."

Lehman received a baseball scholarship to the University of Miami in 1965. He also had a standing offer from Hallett: "Anytime you want to get into the car business, I'll provide the training, and you can eventually have your own dealership."

After graduation from Miami with a marketing degree, Lehman was drafted in 1969 by the National League's Houston Astros and pitched in their minor-league system until 1971. "At that time, they sent me a Triple A league contract, and I was expecting one to join the Astros," he says. "They wouldn't trade me or release me, so that ended my baseball career."

Thom Lehman

GMC, Pontiac

Meanwhile, Hallett had purchased Sunshine Pontiac in Miami in 1967, and Lehman had worked in the business office during vacations and after the baseball season.

"After turning down the Astros' contract, I told Hallett I was ready to begin his training program," Lehman says. "My first job was dispatcher in the service control tower. I was a little skeptical after looking at my first paycheck. With my degree in marketing, I thought, what am I doing here?"

During the next six years, he worked about every job in the dealership.

"I moved from dispatcher to car and truck make-ready, assistant business manager and later manager, assistant parts manager, service adviser, new and used-car sales, F&I, accounts payable and receivable and prepared financial statements," he says.

After a month at the General Motors dealers' sons' school in Flint, Mich., late in 1976, Lehman continues, "I was appointed general manager, and I became a partner in the firm and bought my first shares in 1978. Ed told me he wanted to keep 51 percent of the business, and my goal was to get to 49 percent as quickly as possible."

Hallett died unexpectedly at age 59 in 1980. Lehman owned 25 percent of the stock at the time. "Other dealers were interested in acquiring the business," he says. "With my 25 percent interest, I qualified with GM and was awarded the franchise. I completed the buyout in 1986."

Hallett took on the GMC light-truck line after moving to the Dixie Highway location in 1970, but gave up the franchise in 1972. "After Ed's death, I acquired a GMC franchise from Bill Grant, a Miami Ford dealer," Lehman says. "It's been a good addition, especially with the public's growing acceptance of the wide selection of trucks, which have most of a car's comfort and luxury features."

Lehman has no plans to change the dealership's name. "Hallett Pontiac had a good reputation in the community for all-round service," he says. "It's not that important that my name be on the building. Besides, there are other Lehman dealerships in this town." The other Lehman — Bill — handles Buick and some imports, and is no relation to Thom.

Lehman attributes his success to "long hours, hard work and a dedicated work force. I'm here daily, usually at 8 a.m. and often until 8 p.m., and I'm involved in every phase of the business. I have good people running each department. Basically, my job is to oversee, advise and direct."

He blames manufacturers for many of the problems that dealers face in today's fiercely competitive market.

"Rebates and other incentives that vary widely from model to model and the sameness in the vast number of nameplates on the market have thoroughly confused the public," he says. "And high prices have forced too many buyers into long-term financing to keep monthly payments at manageable levels. Most people finance their purchases for five years, and many still owe more than the vehicle is worth after 60 months."

Unit sales of new cars at Hallett Pontiac-GMC last year were the lowest in five years, according to Lehman, and volume was down in most other profit centers. Truck deliveries, on the other hand, were higher in 1990 than in any of the previous four years.

New-car sales last year totaled 503 units, Lehman says, compared with 671 in 1989; 1,041 in 1988; 919 in 1987 and 1,093 in 1986. Deliveries of new trucks in 1990 totaled 238 units, compared with 185 the previous year; 178 in 1988; 149 in 1987, and the former high of 212 in 1986.

Personnel and spending cutbacks have been necessary to offset the decline in revenue.

"We've cut back nearly 20 percent of the personnel in some departments without jeopardizing productivity," Lehman notes. "We haven't laid off any mechanics, but a couple of body shop employees have been dropped.

"With floorplan costs going out of sight, we've cut back our new-car inventory to a 45-60-day supply. We trimmed inventory costs by about 10 percent in 1990, and we had cut back in 1989, too. In better times, we normally carry a 90-100-day supply."

Lehman says he's counting on an increase in used-car sales to pick up some of the slack in 1991. "We hired a new, aggressive used-car manager in the fall, and volume picked up in his first 30 days on the job. There's a good market here for used cars and trucks.

"Our parts sales — wholesale and retail — have been strong and should continue this year. And because of our service reputation, we have a lot of good repeat customers. Shop volume should be a big help in offsetting a drop in new-car sales."

▶

Milwaukee

Boucher upbeat despite business, personal tests

By John McDonnell
SPECIAL CORRESPONDENT

If Gordie Boucher ever writes his autobiography, he might be tempted to call it *Somebody Up There Likes Me.*

Too bad Rocky Graziano beat him to the punch. There has been plenty of justification in the last couple of years for Boucher to use such a bold title.

Boucher (pronounced boo-SHAY) has been in the automobile business 30 years. He acquired his first store 20 years ago and now owns two Chevrolet outlets (in Racine and Waukesha, Wis.) and a pair of Lincoln-Mercury dealerships (in West Allis and Madison).

Gordie Boucher

Chevrolet, Lincoln-Mercury, Saturn

But Boucher's mini-empire is about to become a great deal larger. He's been appointed the exclusive Saturn dealer for southeastern Wisconsin. In five years, if all goes according to plan, Boucher figures to be selling 2,500 Saturns annually.

MILWAUKEE, WIS.

7-1-88 Population: 1,398,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	58,532	63,062
Light trucks	24,073	24,264
TOTAL	82,605	87,326

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. Cavalier	2,481	Ply. Voyager	2,581
Ply. Voyager	2,443	Ford Taurus	2,459
Ford Escort	2,302	Ford Escort	2,316
Ford Taurus	2,256	Chev. Cavalier	2,271
Toyota Camry	1,886	Chev. S10	1,794

Of course, not all has gone according to plan so far. Slow initial production has meant only a trickle of cars into his Saturn of Waukesha, which opened last November. And though that limited number has meant that anxious customers have been willing to pay full sticker to get their hands on the new marque, the volume is not yet anywhere near the initial planning potential of 55 a month.

With an investment of $1.2 million at stake, one might expect to find Boucher running in place on the ceiling in frustration. To the contrary, he is relaxed and smiling.

"I don't get upset over things I have no control over," he says. And he's sure the Saturn folks will do right by him and other dealers who have been shackled by the slow startup in production.

"The whole Saturn concept is based on teamwork — a mutual trust and partnership between the factory, the dealers, our employees and our customers," Boucher says. He thinks the Saturn approach to selling and servicing cars could revolutionize the retail automobile business.

He's already borrowed one Saturn idea for his other dealerships.

"That idea is empowerment — giving your employees more decision-making responsibility," he says. "We used to run a pretty tight ship around here, but now I'm convinced that all wisdom doesn't reside in the dealer or the general manager."

The result has been a marked improvement in employee morale. Customer requests and problems are solved a lot quicker. And when new dealerships are built, Boucher figures those dealers would be wise to adopt Saturn's recommended frugal approach and not put up what too often can become mausoleums.

His Saturn store, for instance, has 14,000 square feet of floor space on a two-acre site. Contrast that with the average 30,000 square feet and eight acres that his Chevrolet and Lincoln-Mercury outlets occupy.

Saturn's top-to-bottom training program for all dealership personnel is another major plus that Boucher believes should be adopted by other makes.

When his Saturn volume reaches its full potential in five years or so, he figures to be operating two full-sized stores and a pair of service locations that will have mini-showrooms. He's already begun negotiating for land for the second store.

Being the only Saturn dealer within hailing distance should make for a firm pricing policy.

Just how firm is open to question. Prospects still have the option of shopping competing makes. If they find Saturn prices firm, but other makes willing to offer discounts, they might go for what appears to be the "better deal."

Years of rebates and other discounting practices have made buyers reluctant to pay full sticker when they figure that a discount is just around the corner. Still, having an exclusive franchise for a particular make, especially if it is well received by the public, is something most dealers can only dream about.

But it's not the prospect of a real-life game of Monopoly that Boucher is most grateful for. A year ago, he didn't know if he'd even be around to see things grow.

Boucher was sitting at his desk one day in January 1990 and noticed that he couldn't hold a pen in his hand. He dismissed it at first, but then his other hand became weak, and he knew something was seriously wrong. By the time he was whisked to the hospital, the symptoms had grown worse. His mouth was starting to sag on one side.

"I figured it was a stroke, but the doctors determined right away that it was something called Guillain-Barre syndrome," he said.

Boucher got worse before he got better. Guillain-Barre is a paralyzing nerve disorder, and soon he was paralyzed from his nose to his toes. Recovery involved two months in the hospital and two more in a wheelchair, plus hundreds of hours of rehabilitation therapy.

Boucher figures he's about 90 percent recovered. His work days are a little shorter, made possible by family members who have helped keep the business going.

When Boucher was hospitalized, his son Frank, who had been running the Chevrolet dealership in Racine, jumped in to oversee operations at the other Chevrolet store and the two Lincoln-Mercury outlets. Daughter Julieanne, who had worked at the Boucher-owned ad agency that handles the dealerships' accounts, went to the National Automobile Dealers Association's school for prospective dealers. She's now running the Saturn store.

New-car volume at the Boucher stores totaled about 5,000 units last year, off slightly from the record sales of 1989. Business at the Lincoln-Mercury stores was off nearly 20 percent, but Chevrolet held about even, Boucher says.

Although the Milwaukee market has never been a volatile peaks-and-valleys one like some other sections of the country, business has been soft. Final registration figures for 1990 are likely to show overall sales in the metro area off more than 10 percent from 1989.

To soften the impact on his own business, Boucher has beefed up his service and parts business (it was up 10 percent at his Lincoln-Mercury outlets) and extended his hours to evenings and Saturdays to lure more customers.

There hasn't been any need to cut back the payroll. Boucher said he doesn't load up on personnel when sales go up, so he doesn't have to eliminate any jobs when sales slacken. He has temporarily reassigned some of the staffers at the Saturn store to his other facilities, but it's only a matter of time before Saturn of Waukesha assumes a dominant role in the mix.

And now that he's licked the illness that felled him last year, time is something that Boucher has plenty of.

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Minneapolis

A little fun in ads brings recognition and more sales

By Dave Phelps
SPECIAL CORRESPONDENT

Jim Paul likes to poke fun at car dealers. That wouldn't be unusual if Paul were a stand-up comedian. But he's a dealer himself and has had a fair amount of success with his self-mocking approach at Valley Oldsmobile-Pontiac-GMC in Apple Valley, Minn., a suburb of Minneapolis.

With a series of unique radio ads, Paul has attempted to set himself apart from the dealers who flood the airwaves with gimmicks and dress up their lots with bunting and balloons.

Jim Paul

GMC, Oldsmobile, Pontiac

"You know, I signed up to be a car dealer . . . not to join the circus," Paul says in one of his radio commercials. In another, he says: "When I see those guys in Uncle Sam hats shouting at people on TV, I get embarrassed. I really do."

Paul says he gets results with his approach; 1990 was a record year, despite a slowing economy. And he says he has no plans to change in the future.

"I don't know that this business is as complicated as we make it," he says. "You pick up some people skills, you learn that the public's going to have to trust you and get along with you if they're going to buy anything from you. I think when we try to get a lot more scientific than that, we probably get ourselves in trouble."

Paul, 41, grew up in the Minneapolis suburb of Minnetonka. During his last year at the University of Minnesota, he began selling cars at nights and on weekends for Suburban Chevrolet, where his father was service manager. Paul concluded that the business of car and truck sales was preferable to anything else he saw.

"I was nearing graduation and found myself standing in lines with hundreds of other students interviewing with companies that had one or two positions somewhere on the West Coast. I realized that the jobs I was applying for weren't as good as the one I had," he says.

Paul was a salesman for Harold Chevrolet in a Minneapolis suburb before becoming truck sales manager, new-car sales manager and finally general sales manager.

After 12 years at Harold Chevrolet, Paul received a partnership offer from the man who gave him his first job in sales, Bernie Wagnild. In early 1986, they purchased Valley Oldsmobile-Pontiac-GMC.

"The CSI was among the lowest in the region, and that covers three or four states, depending on the division," Paul recalls.

Paul revamped the sales force and the service department during the next eight months to improve customer satisfaction, raise the dealership's profile and increase sales.

He succeeded on all counts. In ▶

FACE OF THE DEALER, 1991

MINNEAPOLIS-ST. PAUL, MINN.

7-1-88 Population: 2,387,500

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	100,555	124,000
Light trucks	49,264	59,674
TOTAL	149,819	183,674

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford Taurus	8,371	Ford Taurus	9,679
Ford F150	4,411	Ford F150	5,726
Dodge C'van	3,956	Dodge C'van	4,972
Ply. Voyager	3,620	Olds. Ciera	4,843
Chev. Lumina	3,376	Ford E'line	4,581

1986, Valley sold 800 new cars and trucks, 450 used vehicles and did $16 million worth of business. In 1990, Valley sold 1,000 new cars and trucks, 800 used vehicles and sales reached $26 million, up from $24 million in 1989.

"Now, we're way above the average in CSI in all three (GM) divisions," Paul says.

Paul began his unique advertising campaign three years ago, after he felt confident that the dealership had the right people in place to live up to an image campaign. With the help of radio whiz Craig Wiese, who runs a Minneapolis radio production company, Paul concocted a set of spots that quickly set him apart from other dealerships in the area and ultimately won several awards, including a 1988 National Automobile Dealers Association award for best automotive radio campaign.

"We put together a campaign that tells what we are, who we are, what we do, and it sets us apart from most of the clutter, most of the screaming, shouting double rebate type of advertising," Paul says. "It's worked very well for us. It's mentioned frequently by our customers. They say the place operates like we say it operates. Contrary to common opinion, there are a lot of honest car dealers who are good businessmen and who are pillars of the community. But they have a hard time finding an avenue to express that."

Paul said 52 percent of Valley's new-car sales last year were to people who live outside the dealership's principal trade area. Since Valley Olds is located in a suburb in the extreme south end of the Minneapolis-St. Paul metropolitan area, Paul said the draw of customers from as far away as the Twin Cities' northern suburbs has to be because of radio advertising.

A new Valley radio ad is released about every three months, he says. "We've poked fun at the car business and car advertising," he says. "I don't think we've been mean-spirited. Granted, a few dealers have taken offense and think we're doing something that's anti-industry. But I think it's been kind enough, gentle enough, where we shouldn't be offending anybody. If you can't laugh at the kind of advertising in the car business, you don't have a sense of humor."

While sales and volume have grown since Paul and Wagnild took over, the owners have approached business conservatively, especially in terms of inventory. Paul says dealers learned their lesson about controlling floor plan expenses in 1989. In 1990, dealers became more conservative, he says.

"Everybody paid way too much floorplan interest in 1989," he says. "Rather than trying to sell 100 per month while stocking 400, we decided to sell 80 or 90 a month and stock 200 or 250."

Paul says he expects to approach 1991 even more conservatively — especially in light of economic uncertainties at home and the crisis in the Middle East.

He says General Motors dealers are confused about GM's plans for the future and its grand strategy for the marketplace. Dealers want to know if GM intends to regain some of its lost market share or dig in its heels to prevent loss of further market share, he says.

Paul says he no longer can assume that new-car sales will be his main profit source. As a result, the dealership is turning to its service, parts and body shop and used-car department to pick up the slack. He hopes to avoid any layoffs.

"I'm not thrilled with the whole premise of rebates and dealer incentives," Paul says. "There are better ways to market an automobile. Everybody accepts the fact that people walk in and get sticker shock. It would appear that we have a lot money built into that sticker for rebates, and we've created some of the sticker shock."

As a GM dealer, and specifically an Oldsmobile dealer, Paul thinks GM must target its marketing efforts better.

"I think part of Oldsmobile's problem is they were so strong and did so well that when they started to lose market share they didn't perceive it as anything other than a blip in the curve," he says. "They were a little slow reacting to what was really a crisis."

Montreal

Out on his own, son finds the fun of being a winner

By Marc Lachapelle
SPECIAL CORRESPONDENT

"I hated the car business when I worked in my father's dealership: He put me to work in service and I hated it," recalls Jean-Claude Gravel. "I hated filling out work orders. I hated selling cars. I just hated all of it."

MONTREAL, QUEBEC

6-1-90 Population: 3,068,100

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	138,260	152,348
Light trucks	32,692	37,246
TOTAL	170,952	189,594

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Civic	10,932	Honda Civic	8,346
Honda Accord	6,944	Ford Tempo	7,804
Chev. Cavalier	6,472	Chev. Cavalier	6,612
Toyota Corolla	5,932	Mer. Topaz	5,781
Ford Tempo	5,823	Pont. Sunbird	5,640

But hate it or not, selling and servicing cars got into his blood. He had been working in father John Gravel's successful Chevrolet-Oldsmobile dealership, part- and full-time, in various capacities since the age of 14. In 1978 he and his brother Roger bought the family business, but four years later he sold back his share.

Soon after, at age 26, Gravel took over a small Pontiac-Buick-Cadillac dealership in St. Jean, Quebec, some 25 miles from his father's Saint Lambert dealership, located on Montreal's South Shore.

Jean-Claude Gravel

Buick, Cadillac, Chevrolet, Oldsmobile, Pontiac

"At the time, the dealership had 17 employees and it was selling 225 cars a year; I had no comptroller, no sales manager, no used-car manager, no one running the body shop" says Gravel. "With a newborn little girl at home, I had mortgaged the house, sold all the stock I had, and convinced the bank manager to front the rest without any personal guarantees to offer. There were no two ways: I had to make money the first day."

He did, and he was hooked at last ". . . because I was alone and it was my money. I did everything for a while at the dealership, seven days a week. I didn't know a soul in St. Jean, but I found my way into every social event or party in town."

That first year, the young dealer had forecast profits of $20,000 and a salary of $40,000. The business made $185,000 that year, $385,000 the second and more than a half million the two following years. From little more than 200 cars a year, annual sales grew to 600 new and 400 used cars.

Then one day, as Gravel was sailing off Cape Cod: "I told my wife I wasn't happy. I had taken three months vacation that year and rented a super sailboat and yet, I was fed up with my job and fed up with vacations. Here I was, 30-years-old, making $40,000 a month, much more than I managed to spend, but there was no challenge left in it for me."

Soon after, General Motors called up with an offer to take over another South Shore dealership. That prompted brother Roger to offer Jean-Claude a new form of partnership where the two would jointly own both dealerships bearing the name Gravel. "It got me going again," he said. "That's when I decided that I would never again let myself lapse into a comfort zone."

Things have happened quite fast ever since. In 1989, it was older brother Roger's turn to want out, eager to pursue interests in other fields. A deal was struck between the Gravel brothers, making Jean-Claude the majority shareholder. He was gradually on the way to total ownership and sole operator of the two South Shore dealerships.

Then, an opportunity arose to acquire a major dealership located on Ile Des Soeurs, right across Champlain Bridge over the St. Lawrence river from Gravel Chevrolet-Oldsmobile's new Brossard location.

Champlain Pontiac-Buick-Cadillac had once delivered as many as 4,800 cars in a year, but sales had plummeted to 1,000 units since. Gravel met Champlain's former owner on November 23, 1989, and moved in with his troops on December 1. GM required that Gravel sell his dealership in St. Jean. There, young Michel Rondeau took over after working his way up from the parts counter under Gravel's tenure.

The Ile des Soeurs dealership, only a five-minute drive from the heart of Montreal, was turned around in spectacular fashion during the course of 1990, in spite of the economic situation. Gravel is not surprised, even though he says that "99 percent of the people in the industry thought we wouldn't make it. We knew the place had serious problems, but our dealership in Brossard also had a problem with CSI when I took over and it is now ranked second in the Montreal region."

Gravel believes his greatest quality is an ability to create a good working environment. "Our strength is in operations; I could do nothing without my people. Who am I to tell a specialist how to do his job? I just try to provide them with the best tools and conditions possible," he says.

"In Ile des Soeurs, for example, I moved in with five of my 11 directors and we implemented the same methods that had succeeded in Brossard. There, the break-even point in sales went from 98 to 12 vehicles a month and in Ile des Soeurs, we have already brought it down from 125 to 40.

"Low operation costs and customer satisfaction are the secret when you consider that profits on new cars are the same amount as in 1971 — with prices five times higher."

Gravel is adamant about the vital importance of service, added to the two main elements of success in his view: location and reputation. "Just consider that in a market that was down this year by 10 to 25 percent, our sales in Brossard grew by 8 percent, mainly because of our reputation for service. Sales were down by 20 percent in Ile des Soeurs, but I believe it will take two years to rebuild customer confidence in the dealership."

Some may have pessimistic views on the future of the car business in the coming years, but such is not the case with Gravel. "When I sit down with my directors, we are looking ahead over a fifteen year period. That makes you less worried about the short term," he says. "Of course, we expect two or three bad years among these, but this approach gives you the confidence to keep investing and progressing as planned even when the going gets rough and others just think of cutbacks, or worse."

Along these lines, Gravel and his people are working on two or three major projects for the coming year. Some could become major innovations for a Canadian operation. "With the Free Trade Agreement, the business is bound to change drastically in the coming decade," says Gravel. "So, I am always

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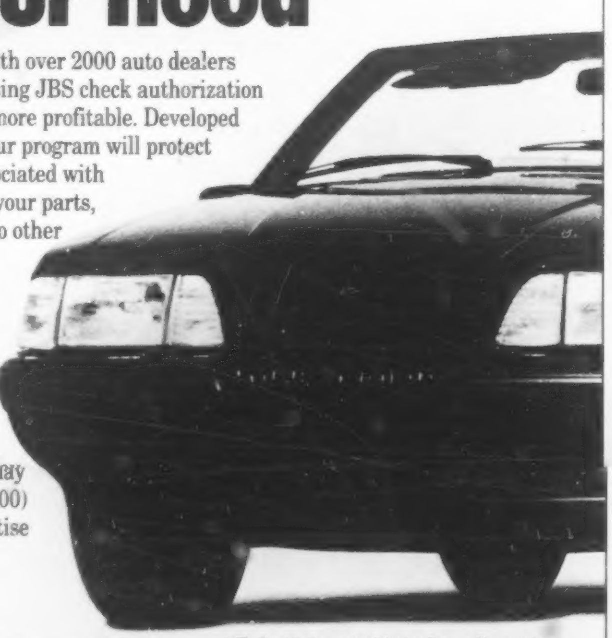

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looking for new trends here and abroad. But at the same time, among other things as president of the Quebec GM Dealers' Marketing Group, I try to help find better ways of reaching the Quebec buyer. We think and do things differently here than in other parts of the country."

What does this 34-year-old father of two (a daughter now 8 and a 5-year-old son) see for himself 15 years ahead ? "If all goes according to plan, my directors will own 50 percent of the business at that point; they could buy me out and I could stay on as chairman of the board or as an advisor. I imagine sometimes that I will want to slow down and enjoy life a little more at 50, take more time off and see less of the day-to-day action, but my friends tell me it will never happen."

Newark

Van Duren strikes gold by mining niches

By Stephanie Stokes
SPECIAL CORRESPONDENT

NEWARK, N.J.
7-1-88 Population: 1,886,200

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	112,276	121,458
Light trucks	24,687	28,006
TOTAL	136,963	149,464

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford Taurus	5,896	Ford Taurus	7,448
Ford Tempo	5,767	Ford Tempo	4,541
Toyota Corolla	4,639	Mercury Sable	4,143
Toyota Camry	4,211	Honda Accord	3,934
Honda Accord	4,088	Toyota Corolla	3,779

From his youth on a farm in rural northern New Jersey, Raymond Van Duren well knows that big things can grow from small seeds.

His experience as an auto dealer has taught the same lesson: The tiny dealership from which Van Duren sold Chrysler Corp. imports in the 1960s has grown to include 12 franchises in two states — among them, the nation's largest Saab store.

That kind of growth doesn't necessarily succeed unless it's been carefully nurtured.

"We're not expanding out of our control," says Van Duren, whose Ramsey Auto Group stores in New Jersey are located within a four-mile radius in Ramsey — a borough near the New York state border — and neighboring Upper Saddle River, N.J. "I attribute everything to hard work and total control."

Raymond Van Duren

Alfa Romeo, Chrysler, Eagle, Hyundai, Infiniti, Jeep, Mazda, Mitsubishi, Plymouth, Saab, Subaru, Volvo

Despite the current tough selling climate in New Jersey and nationwide, Van Duren is continuing to grow in hopes of better times ahead. In December, Ramsey Auto Group opened an Infiniti store in Ramsey, and two months earlier acquired an existing Mazda store and added a Hyundai franchise.

The Infiniti franchise is Van Duren's second. The first opened in late 1989 on Federal Highway in Lighthouse Point, Fla., where Van Duren in the past four years has established Saab and Alfa Romeo stores.

"Infiniti has been good," Van Duren says. It's a franchise he's proud to have been selected to open. "It's the car of today — a lot of value, low maintenance, lots of customer service. And the manufacturer's helping us to do what had to be done."

Van Duren runs Ramsey Auto Group with a niche strategy, concentrating on selling smaller-market cars. "We've always had a franchise that you have to work on — it's made us stronger," he says.

Van Duren, 49, grew up on a farm in Wyckoff, a once-rural borough just south of Ramsey. His first foray into the car business came during high school, when he worked in the repair shop of a used-car lot in working-class Elmwood Park.

He eventually bought into the business, but when it came time to renegotiate the lease, Van Duren decided he would be better off moving elsewhere. So in 1966 he set up his own shop on state Highway 17, the main thoroughfare in thinly developed Ramsey, repairing used cars during the day and selling them at night.

Since Ramsey wouldn't license used-car dealerships, Van Duren launched his business for $5,000 by acquiring the least-expensive new-car franchises he could find: Chrysler's Rootes Group cars from Britain and Simcas from France.

Every few years, Van Duren added to his stable of offbeat franchises. In 1968, he began selling Subaru, then still a newcomer to the U.S. market and imported by a firm based in South Jersey. Three years later, the Ramsey Auto Group took on Fiat and soon became the nation's largest Fiat dealer — a run that ended when the Italian automaker stopped exporting cars to the United States in 1981.

In 1979, Van Duren added Saab — echoing his Fiat success by becoming the nation's top Saab dealer in 1984 and remaining near that spot since. Other additions include Yugo in 1985 as well as Chrysler-Plymouth (which replaced the Fiat franchise), Jeep-Eagle, Alfa Romeo, Volvo and Mitsubishi.

All the dealerships are at the north end of Route 17, one of North Jersey's most heavily traveled state highways and a key truck, commuter and shopping corridor.

The past two decades have seen a development boom transform the area surrounding Van Duren's business. "We're a hometown dealership, even though we're on the highway," Van Duren says.

The dense circle of dealerships allows Van Duren to keep a close eye on the business, with as many as two or three visits to each outlet each day.

"I'm a hands-on dealer," Van Duren says. That means long hours — 55- and 60-hour work weeks. "Obviously," he adds, "we have to work harder than we have in the last three or four years."

The long hours and hard work have kept Ramsey Auto Group profitable in the past year, even as New Jersey slipped into recession during the summer.

For the 1990 fiscal year, which ended in November, gross revenue from new cars was $66.9 million (excluding projected revenue from the new franchises) with 2,827 new units sold, according to Ramsey Auto Group Vice President Leigh Rzasa.

Revenue was up slightly from 1989, when gross sales from new cars were $66.2 million. Unit sales were off nearly 15 percent from a total of 3,310. In 1988, revenue was $68 million on sales of 3,605 new units.

Throughout the Garden State, new-car and truck sales are down about 10 percent, according to the New Jersey Department of Motor Vehicles and the New Jersey Automobile Dealers Association.

To get through the squeeze, Van Duren is pursuing various money-saving strategies.

"We've had to cut overhead and watch spending," he says. "People have to produce more and are expected to do a little bit more." The auto group currently has about 260 employees in New Jersey — including two of Van Duren's three children.

Van Duren says the auto group works to keep motivation high and turnover low by hiring inexperienced salespersons, training them in-house and giving them the opportunity to work their way up through the ranks.

And despite the nation's grim economic picture, Van Duren is optimistic about the car business. "I think we will have an upswing this spring," he says. "People have to buy cars — their cars are getting old — instead of paying expensive repair bills."

After 25 years, Van Duren hasn't grown tired of selling. He says it's hard to stay away from the showroom floor.

"You have to enjoy this business — it's a tough business," he says. "We make it a fun business: No one calls me 'Mr. Van Duren' — it's 'Ray.' "

New Orleans

Cadillac man added Suzuki line and beat oil bust

By Janet Plume
SPECIAL CORRESPONDENT

M.R. McIlwain may appear a bit old-fashioned in an age that markets sizzle instead of steak. But as far as the veteran Cadillac dealer is concerned, the basic tenets of good business never go out of style. Good service has been McIlwain's trademark since he first opened his Cadillac dealership 20 years ago in the suburb of Kenner.

"Dealers should always be concerned about service," McIlwain explains. "It's what keeps us in business." And staying in business has been foremost on the minds of most car dealers in New Orleans since the oil bust flattened the local economy in the mid-1980s.

The survivors hung on by sweating through some of the toughest streamlining programs they had ever undertaken. Labor was cut to a minimum, marketing shifted, and new lines were added to meet demands of a more austere buyer. In McIlwain's case, he added a Suzuki dealership late in 1989 when property adjoining his went on the market.

M.R. McIlwain

Cadillac, Suzuki

"I had been wanting to add another line for some time," McIlwain said. "But I never had the room." The additional property hiked the land size of his dealership to some five acres. His expansion turned out to be timely, because the only other Suzuki dealership in the city closed in 1990, and overall sales posted their largest gain since the oil bust in 1986.

McIlwain liked the Japanese line because it had just started to expand into sedans and other product lines, diversifying from its personal-sport-utility vehicles, the Sidekick and Samurai.

"The Suzuki line fit in perfectly with what I was looking for: a non-competitive line at the other end of the Cadillac," McIlwain said. "They seem to be popular with the economical buyers, as second cars and for kids for school."

In 1990, McIlwain sold 679 new

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has acquired

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Mitsubishi
Subaru

Antioch, CA
Chevrolet
Mazda

Oakland, CA
Chevrolet
Isuzu
Honda
Lexus
Hyundai
Mazda

Seaside, CA
Honda
Mazda

The undersigned structured and negotiated the above transaction and its venture banking affiliate, Warburg, Pincus Investors, L.P., organized and funded Select Automotive, Inc.

E. M. WARBURG, PINCUS & CO., INC.

NEW YORK LONDON LOS ANGELES

FACE OF THE DEALER, 1991

NEW ORLEANS, LA.

7-1-88 Population: 1,306,900

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	39,137	43,859
Light trucks	18,115	17,493
TOTAL	57,252	61,352

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No
Toyota Camry	1,986	Hyundai Excel	1,923
Honda Accord	1,901	Toyota Camry	1,907
Toyota Corolla	1,402	Honda Accord	1,838
Ford Taurus	1,345	Ford Taurus	1,688
Chev. C1500	1,322	Chev. Cavalier	1,503

cars — of which 70 were Suzukis — and more than 500 used vehicles for a volume increase of some 15 percent over the previous year. "The Suzuki sales were about what I expected the first year," he said. "As far as the Cadillac sales went, I was very pleased. I think it's a real sign this area is beginning to recover."

McIlwain realized that a combination of the market's downturn and the escalating price of cars shut many families out of the new car market. To counter the shift in buying demand, he beefed up his used car inventory.

The West Texas native supplements his used car inventory with units from factory auctions after manufacturers buy back daily rentals and fleet cars.

"We realized people were putting off new car purchases and tending to repair rather than replace," McIlwain said. "Our service department became crucial to the business. And when people did buy, they were more frequently looking for used cars."

Besides the hike in volume, his sales in 1990 failed to reflect the traditional seasonal buying habits, McIlwain said. As far as McIlwain is concerned, the trend is additional proof that the local market is recovering.

"We usually see strong buying patterns in the spring and in October and November after the new cars come out," McIlwain said. "In 1990, every quarter had higher sales than the previous one."

McIlwain expects the trend to continue at least through the first quarter of 1990. But like most businessmen, he hesitates to forecast too far ahead these days.

With new nameplates swamping the market and buyers delaying purchases, dealers face a basic problem.

"Each dealer is looking at taking a much smaller slice of a smaller pie," he said. "I would caution other dealers to watch expenses early in the game; to take a hard look at even fixed costs such as operating overhead." Another tactic McIlwain used to survive the depression involved reducing his inventory from a 90- to 100-day stock down to 60 days.

He slashed his advertising budget. "There's no sense spending money on advertising if people aren't out there in the market," McIlwain said.

While most manufacturers have hinged much of their advertising in recent years on rebates and incentives, McIlwain says his life would be a lot easier without them.

"We don't use the word rebate anymore," he said. "I think the time will come when Cadillac and other manufacturers will get out of the incentive business," McIlwain said. "We will get back into the car marketing business instead of marketing incentives.

"The problem with incentives is that people get hooked on them," he said. "They say, 'If you don't have an incentive now, then I'll wait until you do.' "

The biggest problem that incentives pose is the difficulty they present wnen the dealers tried to decide on the size of his inventory.

"We have a pretty good hand on seasonal demand," McIlwain said. "But when you don't know when the incentive is going to arrive, you can't know what the proper inventory is and you can't plan. Incentives have us out on the sales floor selling pamphlets instead of product," he said.

"But with the public on the hook, how do you get them off it without a tremendous withdrawal period?"

New York

Recession fears keep buyers on sidelines

By John A. Russell
SPECIAL CORRESPONDENT

Recession reared its ugly head in the New York market long before other parts of the nation felt its effects. The stock market crash in 1987 was the beginning of a seemingly continuous downward slide in the New York economy that has touched everyone. No segment has been spared.

NEW YORK, N.Y.

7-1-88 Population: 8,567,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	194,931	218,813
Light trucks	40,415	45,479
TOTAL	235,346	264,292

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Toyota Camry	11,664	Honda Accord	9,452
Honda Accord	10,082	Toyota Camry	9,220
Toyota Corolla	8,370	Toyota Corolla	6,678
Ford Taurus	5,564	Ford Taurus	6,612
Honda Civic	5,536	Pont. GrndAm	6,262

Eli Bloom, president of Bloom Pontiac in Queens and a member of the Pontiac National Dealer Council, has seen the car business at its best and its worst. He calls 1990 "the toughest auto market in many years." The reason is simple: Fear.

Throughout 1990, New Yorkers have received a constant barrage of bad news. Major layoffs in several of the area's principal businesses have contributed to the atmosphere of fear permeating the city.

Wall Street has gone through major retrenchments, sending thousands to the unemployment lines. The major banks have announced significant layoffs as they face heavy losses on bad loans. Major retailers have been on the ropes, some forced out of business. And real estate, the crown jewel of the speculative 1980s is tottering on the brink of disaster.

"Even if someone is comfortable," Bloom says, "they don't know how long they will be." He notes that every day, more bad news about the economy from the S&L crisis to the looming banking crisis, contribute to the general trepidation in the market. And the Middle East situation spreads double fear through the marketplace.

"People read every day about the financial problems and the Middle East," he says. "They feel that if they buy a car now, they'd be looked at as crazy.

"People are more budget conscious. They are holding onto their cars longer and would rather spend $600 to $700 servicing their old cars than $15,000 to buy a new car, particularly if their cars are paid off." Consequently, his service business is doing well, Bloom says.

But that is not unusual for Bloom's operation. Over the years, he has stressed service, maintaining that a good service business helps dealers weather the storm, and for a single-franchise dealership like his, it is particularly important to have the back end turn profits in bad times.

Eli Bloom

Pontiac

Sales at Bloom's dealership are down. His best-selling models, Grand Am, Sunbird and Grand Prix, account for 60 percent of his sales.

And the Grand Am and the Sun-

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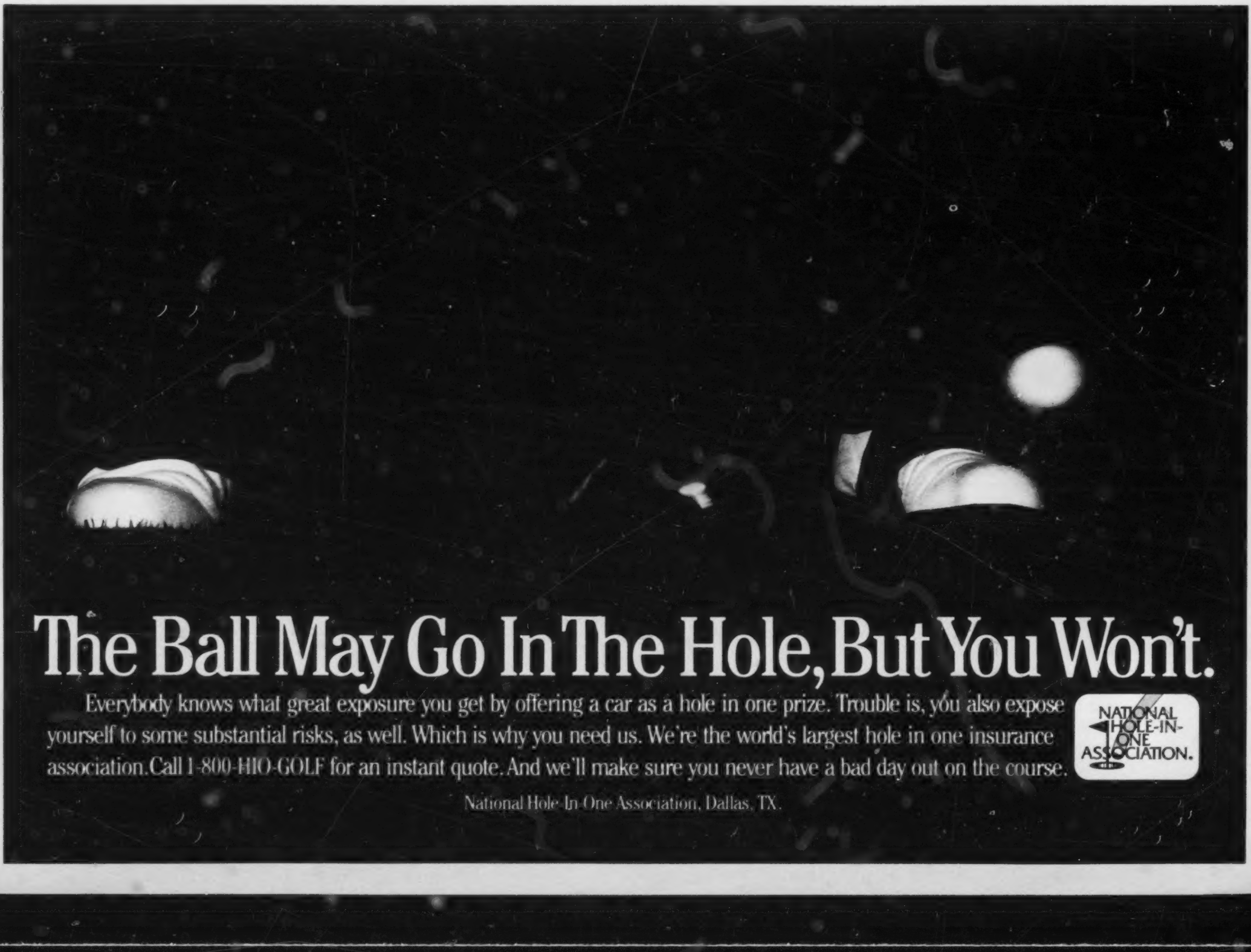

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National Hole-In-One Association, Dallas, TX.

bird indicate the psyche of the buyer today, Bloom says. They want lower-priced, nicely designed cars.

"Today, people are buying a car if they need one," he says, and the days of the impulse buyer are over. At least in the New York market.

Used cars also have become important. There is a greater emphasis on good, clean used cars, he says. Customers often decide not to buy a new car when they see the prices, and they look toward the used car, particularly low-mileage cars.

Bloom expects that trend to continue, and he describes the used-car market as stable.

Leasing also has become an important factor in the business. When Pontiac announced a $199-per-month lease program on the Grand Am at the beginning of the year, Bloom says he started getting telephone activity, which was encouraging. Especially because December was his worst month ever.

As a former president of the New York State Automobile Dealers and the Greater New York Auto Dealers Association and as a current member of their boards of directors, Bloom sees a crisis facing dealers in general.

Dealers today are facing terrible cash flow problems, he says. Some are in the worst shape in 10 years, from a cash standpoint. The cash flow problems have spread to import dealers as well as domestics.

Many import dealers are confronting problems that their domestic counterparts have had to deal with for years. Those problems include inventory management and floorplanning expense because of higher inventories.

Of course, during the go-go years of the 1980s, many dealers overbuilt their facilities and overextended themselves. That also will cause a consolidation as dealers retrench.

As for single-line dealers, Bloom says it is more difficult than ever to succeed with one make. He has taken on Saturn and is awaiting its introduction in this market. He is convinced Saturn will be the right car for the marketplace.

Despite all the doom and gloom in the New York market, Bloom says he is confident it will bounce back. The auto business always has, he says.

Yet, for the first time in his career as an auto dealer, he says he does not know when it will recover. Factors beyond the auto industry will influence the recovery. Bloom says his objective is "to be there" when the business does recover.

Norfolk

Kimnach bolstered defenses against recession, war

By Allen S. Roberts
SPECIAL CORRESPONDENT

At first blush, you'd figure Peggy Kimnach has one of the toughest jobs in the country.

Not only does her dealership face the usual trials of a recession, but it also is among those hardest hit by the war in the Middle East. From the Norfolk area, where the Pentagon maintains huge naval bases and airfields, about 35,000 personnel — who tend to buy American — have been called to Operation Desert Storm.

Also, Ford Motor Co.'s Norfolk plant, which builds full-sized trucks and supplies a lot of customers, is suffering more than its share of shutdowns.

Peggy Kimnach

Ford

"We're hard hit now," Kimnach concedes. "Our area is suffering more than it would under normal recession conditions."

To make matters more complicated, Kimnach, 64, is "a woman in a man's world."

But Kimnach Ford Inc., the second highest-volume Ford dealership in the area after Beach Ford Inc. of Virginia Beach, is not about to buckle under all those pressures.

On the contrary, Kimnach expects to weather the storm better than most.

"I'm probably one of the only dealers in the area who has not laid off employees," Kimnach said. "I have not laid off the first employee and I don't look to. For a store this size, that's just unheard of."

NORFOLK-VIRGINA BEACH
NEWPORT NEWS, VA.
7-1-88 Population: 1,380,200

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	42,195	50,025
Light trucks	20,314	22,806
TOTAL	62,509	72,831

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	1,868	Nissan Sentra	1,922
Ford F150	1,741	Honda Accord	1,906
Ford Escort	1,617	Ford Escort	1,897
Chev. Cavalier	1,563	Ford F150	1,741
Ford Ranger	1,497	Hyundai Excel	1,593

Kimnach Ford learned its lessons the hard way, back in the recession of the early 1980s, and it's not going to make the same mistakes again, even as this recession combines with war to create unprecedented stress.

Long before the recession and the Persian Gulf situation took hold last fall, the firm took several steps to insulate itself:

- The dealership avoided over-hiring in the sales boom of the late 1980s, holding payroll to about 100 by training each employee to handle a wider variety of tasks.
- It strived to retain more of those employees, and thus recover the investment in training them, with financial incentives tied to performance.
- It diversified, stressing parts, repairs and body work, to cut its dependence on new-vehicle sales.
- It reached out to neglected consumers, particularly women, with auto care clinics and other promotions.
- It paid for those programs in cash, while paying off the last of its debts, to build a more recession-resistant balance sheet.

"We're not high rollers and big spenders," Kimnach said. "There's a difference between wants and needs, and I did only what the consumer wanted and what I needed."

Rather than going into debt to finance a fancy new showroom and offices, for example, Kimnach plunked down $2 million cash to restore her 30-year-old facilities. That left her free to invest in a new paint booth for the body shop, which now generates more profit than any other department.

"I'd love to have one of those massive things like the Lexus dealers, but no," Kimnach said. "I don't think the consumer cares whether you have carpet or marble or tile on the floor, as long as it's clean."

Kimnach Ford watched new vehicle sales dwindle 23 percent last year, to 773 cars and 894 trucks from 1,085 cars and 1,075 trucks. Used-vehicle sales also fell 23 percent, to 528 from 690.

But the dealership held the decline in revenue to 18 percent and actually increased profits — by a whopping 56 percent.

Kimnach Ford, which saw sales plunge below $20 million in the last recession, managed to post sales of nearly $34 million last year, down from $40 million in 1989. And while many dealerships slipped from profit to loss because of the free-fall in revenue, Kimnach doubled its after-tax profits to more than $700,000, or 2.1 percent of gross receipts, from about $450,000, or 1.1 percent of gross.

That gave Kimnach a return of almost 33 percent on its investments, nearly twice the average of 17 percent among 72 Ford dealerships in the Washington district.

Kimnach has come a long way since 1963, when she joined the dealership as a file clerk in the service department. She soon became secretary in charge of service and then went to technical school, which propelled her to manager of service.

In 1971, she married the dealership's sole owner, Charles A. Kimnach Jr. She continued to run service until 1984, when her husband was bedridden with illness, leaving her to run the whole show.

She's since served as president of the Tidewater Automobile Dealers Association and now serves as an economic adviser to Virginia Gov. L. Douglas Wilder.

"I ran parts and service for 20 years," Kimnach recalls. "I had to learn what it was to hone cylinder walls, to fit piston rings."

After local sailors began heading for the Middle East last fall, Kimnach reached out to the Navy wives left behind. She staged two car-care clinics at local bases, using actual parts — gummed-up valves, worn piston rings, shot oil filters — to demonstrate the wages of negligence. And it was not some male mechanic, but Kimnach herself, who spoke to the women.

"There are so many military wives left here," Kimnach notes. "A lot of them have no family here, no friends, and they don't know whom to trust."

While running such high-profile promotions, Kimnach also attends to the details behind the scenes, largely by listening to her customers and employees.

The recession and war and the intensive media coverage of events have scared most consumers away from the lots, Kimnach says. Although the reality may not be as bad as the perceptions, she adds, the result cannot be denied.

"I think the news has scared the living hell out of the average American," she says. "We've got doom and gloom, and who is interested in buying an automobile when we're looking at survival?"

Kimnach hopes that automakers will pay more attention to their dealers in the future.

"Some of the ones that had it so good have gone ass-backwards," she notes. "I don't think Ford's going to get fat, dumb and happy."

Meanwhile, Kimnach is going to continue to run her dealership her way — against all the odds.

"I don't think the manufacturer wants a dealer to be but so profitable," she says. "But if you work hard — and you've got to work it — you can be a profitable business."

Oklahoma City

Worst is over; Bolen says growth will continue

By K.L. Davis
SPECIAL CORRESPONDENT

Don Bolen shrugs off national warnings of a recession, banking trauma and real estate collapse.

"Oklahoma City is going to outpace the United States carwise," says the 46-year-old owner of Bolen Oldsmobile-Jeep-Eagle. "Current-model cars have a very good chance of being up 10 percent here this year, at the very least."

From his downtown dealership, Bolen expects to sell more than 1,570 new and used vehicles in 1991, up from 1,200 in 1990. His new-car prediction is about 900 for 1991, up from about 600 last year. He expects his new Jeep-Eagle lines to account for 250 of those sales, and he projects an increase of 5 to 10 percent for Oldsmobile if the war in the Persian Gulf ends in six months or so.

"Our customers aren't paying a bit of attention to this talk of recession," he says. "They take a look at all this talk of a 2 percent or 4 percent downturn and they think, 'I've been through worse.' And they have. And financially, they're strong enough to survive it."

Don Bolen

Eagle, Jeep, Oldsmobile

Bolen has first-hand experience with that. Through three generations, his family has sold cars in downtown Oklahoma City, but no decade brought his clan as much adversity as the 1980s.

In an economy whipped by plunging oil prices, a fallout in agriculture and a rash of bank failures, Bolen's new-car sales fell from an average of 150 a month in 1982, the last of the "oil boom" years, to about 60 a month in 1990.

"I mean, there were some months (in 1987) when I didn't sell 20 cars," he says.

While other dealers folded or merged, Bolen took strong steps to maintain his business.

- He trimmed employment from 120 in 1982 to 58 as sales dwindled. It now is 80.
- He tripled his advertising budget, from less than $100,000 in 1982 to $300,000 in 1990. He foresees increasing that by as much as $50,000 this year.
- He quadrupled his showroom space through the downturn, choosing to renovate a 24,500-square-foot facility rather than build a new location.

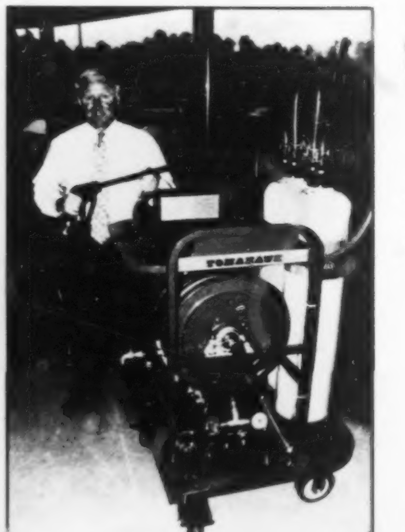
"I just thank God I don't have a $4 million to $5 million operation out on the highway," he says.

Bolen swallowed losses for four years through the mid-1980s and saw the value of his downtown real estate fall 50 percent.

"My dad told me this in 1987 — he said, 'Don, it wasn't this bad in the Depression.' And I mean it wasn't. At least then, there were still people willing to make deals."

Oklahoma City's fortunes began to change in 1989. As the Sooner

▶



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OKLAHOMA CITY, OKLA.

7-1-88 Population: 963,800

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	28,238	30,243
Light trucks	20,547	20,140
TOTAL	48,785	50,383

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. C1500	2,381	Chev. C1500	2,498
Honda Accord	1,636	Ford F150	1,353
Ford F150	1,372	Chev. S10	1,331
Chev. S10	1,296	Honda Accord	1,304
Isuzu Trooper	1,129	Pont. GrndAm	1,084

State economy showed signs of bottoming out, downtown became more accessible with the opening of the Centennial Expressway, which links the district with the metropolitan area's three main thoroughfares.

The dealership has since enjoyed two profitable years, though not close to the boom times. Sales in 1990 rose about 10 percent, which Bolen attributes in part to the expressway.

"It's like my favorite saying — 'You can't fall out of a basement window.' What else can happen around here? I've been saying that about five years, and it's certainly held true."

Bolen expects Jeep-Eagle to bring a 40 percent increase in his dealership's $7 million volume of new and used-car sales this year. With overhead rising only 15 percent, he projects that Jeep-Eagle will "translate to at least a 50-70 percent increase in profits."

The Chrysler Corp. franchises, acquired in September, hold three advantages, according to Bolen:

- A new, younger buyer.
- Additional service business.
- The potential of the Eagle line.

"The people that buy a Jeep are younger, family oriented, more recreational types than the people who buy an Olds," he says.

"Most Olds buyers are in their 50s. They've had it with the lake, camping. But the Jeep buyers are their 30s. They spend more time with their families, camping, boating, skiing."

Drawing new and younger buyers is crucial to Bolen, who considers a strong commitment to customer service a basis of future growth. "We have a CSI (customer satisfaction index) of 95," he notes. "About 20 percent of our buyers have bought five or more cars from us."

Maintaining his service business, meanwhile, is the central strategy for his downtown dealership. During his 1987 lean year, when auto sales dipped 60 percent from 1982, service department revenue was down only 30 percent.

"Service is the backbone of the business," he says. "If you're downtown, you're near where they work."

He expects Jeep to bring additional shop business.

"From what we've seen so far, Jeep people tend to put a higher premium on maintaining their cars than our traditional customer does," he says. "The average ticket on labor sold per Jeep is running 30-40 percent higher than it is on an Olds."

The other Chrysler advantage, the room for growth in the Eagle line, reflects Oldsmobile's lack of product growth and differentiation through most of the 1980s.

"Olds at one time really believed it would go out and get the younger buyer," Bolen said. But the efforts failed, and Oldsmobile sales soured nationwide.

Additional Oldsmobile models and his Jeep-Eagle lines could raise his floorplan expenses from $250,000 a year to as much as $350,000 in 1991, he says.

Despite an average inventory of 125 Oldsmobiles, 50 Jeeps, 25 Eagles and 100 used vehicles, "I simply cannot afford to stock all the cars that I believe the customers want now because there are too many choices," he says.

In Bolen's eyes, the biggest problem facing the factories is how to treat program cars — the low-mileage current-year cars formerly used by rental-car companies or manufacturer/dealer executives.

He has stocked low-mileage "brass-hat" cars since the early 1980s. His new-car volume consists of about 65 percent new and 35 percent program cars. He believes the percentage of program cars could grow.

Bolen sees the program cars as "a win for dealers" over the rental-car companies, a beneficial "third choice" for customers and a boon to cash flow.

"Selling a program car is in many cases up to $2,000 better immediately than selling a new car," he says. "I'm not waiting for the holdback, and I'm not funding the rebate."

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Philadelphia

Dealer's choice: Courtroom loses to showroom

By Laura Loro
SPECIAL CORRESPONDENT

PHILADELPHIA, PA.

7-1-88 Population: 4,920,400

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	203,227	230,125
Light trucks	66,087	73,625
TOTAL	269,314	303,750

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford Taurus	9,177	Ford Taurus	10,315
Honda Accord	8,399	Honda Accord	8,057
Chev. Cavalier	6,663	Chev. Cavalier	7,278
Tuyota Camry	5,732	Ford Escort	7,015
Pont. GrndAm	5,348	Ford E'line	6,123

A third-generation automobile dealer, Henry Faulkner III grew up around the car business, but he once considered a different career.

After graduating from Penn State University, Faulkner attended Dickinson School of Law in Carlisle, Pa.

In 1974, his final year of law school, Faulkner was given the choice between practicing law and taking over the family's Philadelphia Oldsmobile dealership during the energy crisis. He chose the dealership. "That says a lot for law, I guess," he quips now. He loves the car business and wouldn't have it any other way.

Henry Faulkner III

Acura, BMW, Buick, Cadillac, GMC Truck, Honda, Hyundai, Isuzu, Mazda, Mitsubishi, Nissan, Oldsmobile, Pontiac, Saturn, Subaru, Suzuki, Toyota

His grandfather started the family's original Oldsmobile dealership in 1932, and his father developed the business into 16 dealerships in Philadelphia, Lancaster, Harrisburg, Bethlehem and Lower Bucks County in Pennsylvania and in New Castle, Del. His death a year and a half ago has left the third-generation Faulkners — Henry and his siblings Joe, John and Judy — in charge.

The family now sells 16 lines and in April will open a Saturn dealership. Henry runs 10 of the 16 dealerships, yet he says the other Faulkner children are equally in charge.

The Faulkner Organization's sales volume in 1990 was $372 million, down 1.2 percent from 1989. New-car sales were way off, but used car sales were up.

Faulkner had projected that 1990 would be about even with 1989. He attributes the decrease in sales to the general slowdown in the economy in Philadelphia and the whole Northeast.

"The decrease in the new-car market is directly proportional to the decrease in consumer confidence, and that is directly proportional to the downturn in the economy," he says.

Used-car sales have profited from program cars, the cars that come back from the daily rental companies. "That's an emerging business," he says. "They are fully depreciated. They are excellent values for consumers who don't want to pay full price."

Faulkner says used-car business would have been flat without the program cars.

The Faulkner Organization is performing extremely well despite the hard times. Collectively, the dealerships are making money. "The net profit increase was substantial. It's so high, no one would believe the figure," Faulkner says, declining to give it.

The profit increase is due to the increase in the used-car business, a tremendous increase in the profitability of fixed operations (parts, service and body shop) and general reduction of expenses, he says.

Parts, service and body shop "have always been important to us. We can't make money selling new cars anymore," he says.

Dealers can't make money selling new cars today, he says, because "the gross margin is the same as it was 10 years ago — maybe a 10 percent increase. But in 10 years, our expenses have increased so much."

Faulkner has cut costs to try to ride out the tough times. "We reduced advertising about 30 percent in 1990, compared to 1989," he says. "There's been a reduction in inventory as well. We strive to carry a 30-day supply but we're rarely successful. We end up with a 60-day supply. In better times, we've carried as much as 90 days."

Also, personnel cuts have been made, mostly through attrition and mostly in areas impacted by new-car sales.

Faulkner is concerned about some factory policies. "In the long run, it is not healthy for dealers not to be profitable selling new cars," he says. "Programs that don't enhance a dealer's gross profit don't serve the dealer very well."

Faulkner says multiple-level dealer rebate programs tend to encourage lower gross profits. But consumer incentives have their place. "This is a major market with substantial competition, so you can't ignore consumer incentives. But you need to have a balance between consumer incentives and fair dealer incentives," he says.

The outlook for the first quarter of 1991 is grim. "It will be very, very difficult," he says. "It will probably be the most challenging quarter I've ever gone through."

He projects that first-quarter new and used-car sales will decline 20 percent from 1990. Fixed operations will be off 10 percent. Even a former bright spot, the truck market, has softened — sales are down. "I'm not sure why. Maybe the small businessman is delaying the purchase of a new truck," he says.

Faulkner projects that second-quarter sales will be about even with 1990. And for the second half, he expects "a very mild upturn."

"Overall in 1991, the expense reduction measures we've taken will allow us to have a reasonable year," he says.

He says that as the industry becomes more competitive, it will become more user-friendly. "On the manufacturers' side, there will be an expansion of user-friendly concepts, such as give-back privileges (allowing consumers to exchange a car) and extension and scope of warranties."

Marketing tools, such as manufacturers offering to show the car by bringing it to the prospect's home or office, "will become more common. It's important that all manufacturers do things like that."

Faulkner looks forward to the April 4 opening of his Saturn dealership in Philadelphia. "Any location where Saturn has opened, the retailer has met with a real enthusiastic market," he says. "Reception is five to 10 times the magnitude anyone expected. The bad news is that the product is not readily available."

Getting the Saturn dealership was "an incredibly strenuous process. Saturn demanded financial information, customer satisfaction information and sales performance data. They interviewed our employees to measure their level of satisfaction. The screening process was very rigorous."

Saturn will be profitable from day one, Faulkner predicts.

Faulkner was a 1986 nominee for the Time Magazine Quality Dealer Award in Pennsylvania. He was president of the Philadelphia Automobile Dealers Association in 1985, is in his ninth year as president of the Pontiac Pacesetters Advertising Association and is a past president of the Cadillac Advertising Association.

Are there fourth-generation Faulkners primed to take over one day? "Our children are quite young, but it would be terrific if they did decide (to join the family business) and terrific if they didn't," he says. Spoken very much like a lawyer.

Phoenix

From the pits, Brock built a $47 million chain

By Steve Bergsman
SPECIAL CORRESPONDENT

The world looked wonderful to Linda Brock in 1969. She and her husband had decided to become financial backers for a friend who wanted to open a Volkswagen dealership in Scottsdale, Ariz.

Brock was looking forward to the move, taking her family, which then numbered four small children, from Oklahoma to the warm weather of Arizona. Unfortunately, the move didn't turn out as she expected. Soon after they arrived in Arizona, Brock's husband ran off with another woman.

Linda Brock

BMW, Eagle, Jeep, Oldsmobile, Volkswagen

"Here I was with four preschoolers," Brock says, "and I was thinking, 'What do I do now?' The only thing I did know for certain was I was not going back to Oklahoma."

The fellow who had the Volkswagen dealership solved that problem. He asked Brock if she would like to come in as a 50/50 partner. With no other opportunities in sight, she said yes, and in Jan-

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PHOENIX, ARIZ.
7-1-88 Population: 2,029,500

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	67,851	74,169
Light trucks	44,702	48,546
TOTAL	112,553	122,715

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford F350	4,008	Ford E'line	5,044
Honda Accord	3,350	Nissan Sentra	3,824
Nissan H'body	3,076	Honda Accord	3,632
Ford E'line	3,035	Chev. S10	2,954
Nissan Sentra	2,924	Toyota C/C	2,834

uary 1970 they opened the dealership on Scottsdale Road, the main thoroughfare through the growing, wealthy suburb of Phoenix. That was at the height of the Beetle craze, and in some months the dealership moved as many as 200 of the Bugs.

The partnership prospered. Brock, who had a bachelor's degree in business administration and had worked toward a master's degree in finance before cutting off her studies to get married, crunched numbers in the office while her partner worked up front selling automobiles.

The partnership lasted nine years, until Brock's partner retired because of ill health; Brock bought his share of the business.

Today, the number of women auto dealers has risen to about 200, but when Brock started 21 years ago, they were few and far between.

"The resistance isn't there like it once was," Brock says. "The manufacturers are much more willing. Years ago, there was terrible resistance. The industry flat didn't know how to treat a woman. They were such macho men, they didn't know how to treat a woman as a peer."

They have learned. If nothing else, business success breeds admiration and Brock has been eminently successful. In 1972, her company added a BMW dealership; in 1986, she took on Oldsmobile; and three years, later Jeep-Eagle.

In 1987, Brock built what she calls an auto mall on 12 acres of land, also in Scottsdale, a couple miles from her first location. Today, her company is called Linda Brock Automotive Plaza. In 1990, it racked up $47 million in gross sales, moving 1,005 cars and 441 Jeeps.

While things look good, gross sales have puttered along in recent years. In 1988, Brock sold 1,139 cars and grossed $44 million. In 1989, she handed out the keys to 1,062 cars and 143 trucks (the new Jeep dealership), but gross sales slipped slightly to $43 million.

The recession hit Arizona in 1988. In 1989, the banking, savings and loan and real estate industries in the state all but rolled over and played dead, taking down thousands of workers. "That year was the worst for Arizona," Brock says, "and it was for me."

As the red ink began to mount, Brock made significant changes in the organizational structure of her company, including laying off workers and coming back herself as an on-line manager.

Her automotive plaza is now divided into three separate businesses in three separate buildings: Volkswagen-BMW, Oldsmobile and Jeep. Brock is general manager of all three.

Underneath her on the organizational chart is a sales manager, then a manager for each store. Each line has its own sales staff, but Brock has consolidated all the other operations from computerization to accounting. At peak, she employed 200 people; now, it's 130 to 135.

A lot of that employment reduction has been achieved by attrition. "The sales department balances itself out," Brock says. "You can't keep too many salespeople unless you put them on salary, because they just can't make a living. If there aren't enough people coming in, salespeople will go away and get another job. The same for technicians. Their compensation is based on the amount of work they do."

But reorganizing and trimming staff aren't enough. As Brock notes, to sell cars in the 1990s, the dealer just has to work smarter: A large dealership has to be computerized, customer satisfaction is extremely important; and advertising dollars have to be monitored closely.

"It's a tough business right now," Brock says. "It's trying to hold down costs below income when income is really thin."

She adds, "As the business has gotten more competitive, we've got more nameplates out there, and consumers have more choices. It gets incredibly more difficult to attract people to the showroom in the first place."

Brock has focused her advertising dollars much more intensely than ever before. If advertising isn't expected to bring an immediate response, she doesn't use it. Currently, she concentrates on the daily newspaper, particularly the Saturday edition.

She uses television periodically, but how she does it involved some tough decisions. As a woman dealer, she felt she could not come across as a dingbat or airhead and do the silly commercials common to local dealerships. Instead, she opted to stress her professionalism.

"Our message is the lines we carry, the location and that we care about you," Brock says. "That, in fact, has become Brock Automotive's slogan, 'We care and it shows.' "

Brock has a particular dislike for the advertising approach of some manufacturers. "It takes some of my money and mixes it up with my arch competitor's," she says. "They won't let us say anything, and you end up with a mushy, nothing message that skims off the dollars that I would use to differentiate myself in the market."

Last year was a tough but improved year for Brock Automotive, and Brock doesn't expect much change in 1991. For the industry in general, she predicts another six months of "tough sledding." In the local market, Brock says that with a little luck, Arizona can pull out of the recession earlier than the rest of the nation. She's planning for a 5 percent increase in sales and expects 1992 to be even stronger.

"People aren't buying cars. Not mine, not anyone else's," she observes. "We should experience pent-up demand and when that releases, people will be back in the showrooms again."

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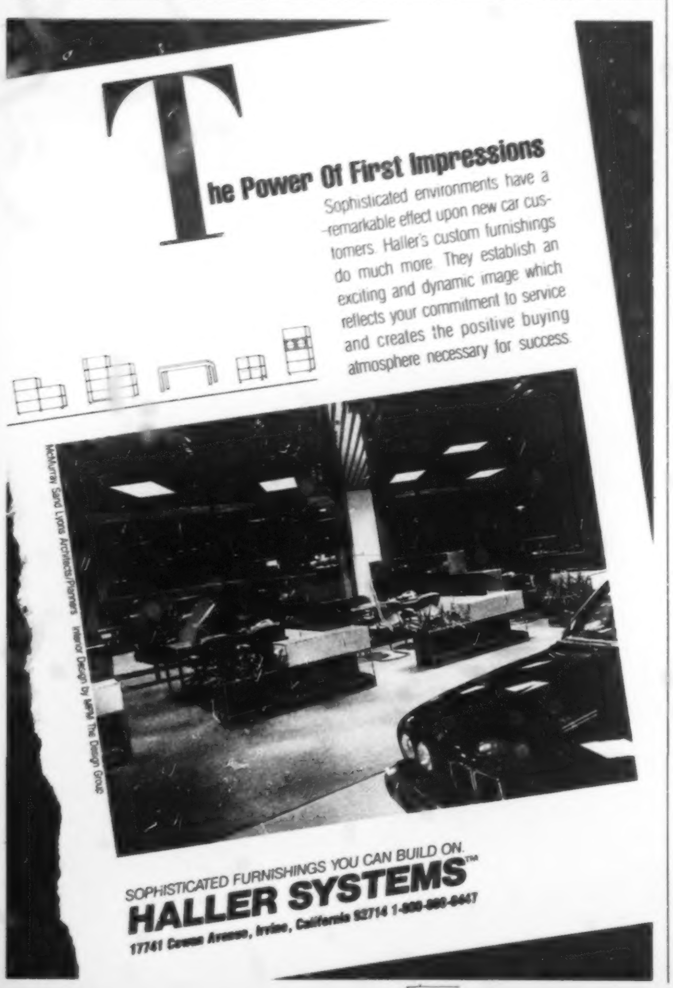
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Pittsburgh

Cochran aims at 20-30% of the metro market

By Chet Wade
SPECIAL CORRESPONDENT

R.E. Cochran, executive vice president of No. 1 Cochran Inc. in suburban Pittsburgh, doesn't find it lonely at the top. He'd rather put even more distance between his family's string of auto dealerships and the competition.

With sales last year reported at more than $200 million on some 10,000 cars and trucks plus parts and service, Cochran is by far the largest dealer in southwestern Pennsylvania. Those numbers would give it roughly 10 percent of the new-car market in the region, with the closest competitor perhaps only half that size.

R.E. Cochran

Buick, Cadillac, GMC Truck, Infiniti, Isuzu, Lincoln, Mazda, Mercedes-Benz, Mercury, Nissan, Oldsmobile, Pontiac, Saturn

But Cochran, known as "Rob" to family and friends, said the goal is to become the true market leader.

"If you look at other industries, the market leader has 20 or 25 or 30 percent of the market," he said. "I think that opportunity exists here for an automotive dealer."

Cochran sees the dealership's commitment to customer service, the ability to spread overhead over a large operation and the judicious selection of its three sales locations as some of the keys to the firm's growth. In a market where sales are expected to be flat to lower for the fifth consecutive year and where at least 10 dealers went out of business last year, every edge is important, he said.

"I would look at 1990 as a year that was our most satisfying," he said. "That's not because of unit sales. Certainly, the market out there is competitive.

"But from a company and a corporate standpoint, we have expanded a whole lot in this market in the last two or three years. . . . When I look back one year ago, I could not have forecasted such quick progress."

Cochran's father, R.W. Cochran, started the business 25 years ago with a Pontiac dealership in North Braddock, Pa. The community is one of dozens that line the Monongahela River valley to the south and east of Pittsburgh, a region that was once the heart of the nation's steel-making industry.

That dealership, since moved to the eastern suburb of Monroeville, Pa., on a 16-acre site that formerly held a department store, still forms the core of the business. In 1989 Cochran Pontiac was the largest retail Pontiac dealer among the 10 biggest overall; he sold 3,065 retail units and grossed $110.5 million overall.

PITTSBURGH, PA.
7-1-88 Population: 2,094,300

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	88,168	99,727
Light trucks	33,086	33,008
TOTAL	121,254	132,735

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. Cavalier	5,178	Chev. Cavalier	4,835
Honda Accord	3,362	Chev. Celeb.	3,932
Chev. S10	3,309	Chev. S10	3,735
Pont. GrndAm	2,847	Ford Taurus	3,315
Ford Taurus	2,805	Honda Accord	3,207

But Cochran has added a long list of other truck and car lines.

The Monroeville complex also includes Cadillac, Oldsmobile, GMC Truck, Isuzu, Infiniti and — its latest addition — one of two Saturn dealerships to open in the Pittsburgh area.

The second site, about 20 miles north of the city, has Mercedes-Benz, Mazda, Lincoln, Mercury and Nissan. It was originally operated by another dealer with Cochran as an investor, but Cochran took over when the operator decided to leave.

The third, on 21 acres 10 miles west of downtown Pittsburgh, opened in late 1989. It has Buick, Pontiac and GMC Truck.

Total employment at the three sites tops 400.

Cochran would like to add a fourth location, to fill in the final point of the compass, but that may have to wait until the auto market improves.

Pittsburgh's population fell by more than 10 percent in the 1980s, as many of its younger people moved out after the collapse of the steel industry. That, along with a 15 percent growth in the number of new- and used-car dealerships in the region, has made competition extremely tough.

Cochran said the war in Iraq is keeping many people out of auto showrooms. The war situation will have a lot to do with how business goes in the first half of 1991, he said.

"I think it all hinges on how long this thing takes," Cochran said. "If this thing keeps proceeding favorably . . . and is able to be wrapped up in a short time, I think you'll see a pretty decent-sized upturn in sales immediately.

"It's not going to be a record year by any means. It's not going to be an about-face. But it's going to be a lot better than the last five or six months."

Some dealers in the region have trimmed expenses by limiting inventory and cutting back on advertising and personnel. Cochran said he believes that running a tight ship is important to a strong bottom line.

But that has not kept his company from pushing hard to achieve its goal of market dominance. It spends heavily on television, radio and newspapers. Surveys have shown near-100 percent recognition for the Cochran name, he said.

If there has been a problem with the campaign, it is that many people still don't realize the breadth of the firm's offerings. Many still connect it only with Pontiac and some other GM lines.

"The awareness of our products is not quite as strong as we'd like it to be," Cochran said. "Do we promote Cochran or do we promote line XYZ?"

The region's topography — four river valleys and endless hills —

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and the lack of a highway "belt" around the city have had a strong hand in shaping the dealership.

"The road pattern (in the Pittsburgh area) is the reason we need several different locations," Cochran said. "If it were in a different city, we could probably service the market with one location. But it's just such a hassle to get from one part of town to the other."

None of the three Cochran locations sits in an "auto row" or in the middle of business districts. Instead, the strategy was to pick spots where people could get in and out easily on the few highways that exist, even if it meant traveling greater distances. For example, the home store is at the end of a suburban business district, within 100 yards of an exit of the Pennsylvania Turnpike and the region's main commuter line, the Parkway East.

"I think a lot depends on the ease of traveling, not just the time," Cochran said. "A lot of people would rather drive an hour on the highway than half an hour in stop-and-go traffic."

Portland

While some moan, Thomason reaches sales, profit peaks

By Brian Cour
SPECIAL CORRESPONDENT

PORTLAND, ORE.

7-1-88 Population: 1,188,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	52,405	51,402
Light trucks	30,539	27,444
TOTAL	82,944	78,846

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	3,215	Honda Accord	2,785
Toyota S'bed	2,975	Toyota S'bed	2,485
Toyota Camry	2,602	Ford Taurus	2,436
Ford Ranger	2,528	Ford Escort	2,003
Ford Taurus	2,496	Honda Civic	1,922

Recession. Slump. Unprofitable. Those words are being tossed about liberally in the auto industry these days.

But in suburban southeast Portland, Ore., Scott Thomason has banished them from his vocabulary.

"Business is good, and as long as the press doesn't talk the Northwest into a recession, I think it'll stay that way," says Thomason, a bespectacled 35-year-old who is a second-generation dealer.

Scott Thomason

Ford, Honda, Nissan, Subaru, Toyota

Thomason says 1990 was a record year for sales and profits at his five stores, four of which are clustered within two blocks of each other along Southeast McLoughlin Boulevard, a traditional "auto row" in the suburb of Gladstone.

"We did about $170 million in sales last year, which was a record for the company," Thomason says.

Profits?

"Well, let's just say they set (company) record[illegible]too," he adds with a cat-ate-the-rat smile.

Thomason's franchises — Ford, Toyota, Honda, Nissan and Subaru — are modest, single-point operations that, at a glance, would not appear to be capable of grinding out the sales volume that they do.

The Ford dealership, for example, formerly was a small Lincoln-Mercury store that went out of business in the industry shakeout of the early 1980s. Last year, it was the top-selling dealership in Ford's Seattle sales district, which includes the Portland metro market. It pumped out 3,600 units.

Thomason's Toyota store, located in Milwaukie, Ore., six miles north of his other four dealerships, was selling about 1,200 cars and trucks a year when Thomason acquired it in January 1988 from longtime import dealer Irv Leopold.

Last year, it matched Thomason's Ford store selling about 3,600 new Toyota cars and trucks.

His Honda dealership, which he acquired from multi-franchise Oklahoma dealer Don Carlton in November 1989, sold 1,600 new cars in 1990. But Thomason says sales were limited by product availability in a market where imports account for about 40 percent of all new car and truck sales and Honda is the top-selling car.

He acquired his Subaru and Nissan franchises late in 1990, so they figured only marginally in the company's overall sales.

Thomason says his secret is no secret at all. A strong market presence and consistent market-setting prices are an unbeatable combination, he says.

"Advertising is a key element for us," he says. "We spend what it takes to maintain a strong market presence, and we never back off" — not even when sales taper off and market conditions might dictate it.

"We're dominant in the media" in the Portland market, he says, "and we'll stay dominant. We'll spend more money on advertising in 1991 than we did in '90."

Thomason appears in all print and television ads for his dealerships, and he delivers his well-worn pitch — "If you don't come see me today, I can't save you any money" — in his radio spots.

"My goal is to have each and every potential car buyer in the Portland market think 'Thomason' whenever he or she decides it's time to buy a new car," he says.

Price is the other key element in Thomason's equation for success.

"We don't turn too many people away, that's for sure," he says. "If there's a way to sell a car, we're gonna sell it. But while price certainly is a key factor in our customers' decision to buy from us, it's not the whole picture. We're out there (advertising) all the time, which gives us an edge when a buyer decides to shop."

Like most second-generation dealers, Thomason cut his teeth in the business at an early age — washing cars at the tiny Dee Thomason Ford dealership in the affluent suburb of Lake Oswego. His father had operated the dealership since 1955.

Still, while he was attending the University of Oregon in the mid-1970s, Thomason was "not convinced" the new-car business was his destiny.

"I really didn't make the decision to get into the business until I finished school," he recalls.

The family's Ford store operated in Lake Oswego until January 1983, when Scott Thomason recognized the need for a larger facility and moved the dealership into a vacant, former Lincoln-Mercury store on the east side of the Willamette River.

"The Ford store in Oregon City (a stone's throw south of Gladstone) had gone out of business, too, so the point was open, which worked nicely for us," Thomason recalls. He bought the dealership from his father in 1986.

About the same time as the Ford store was moved, Thomason acquired a majority interest in a small Toyota dealership in McMinnville, Ore., which only whetted his appetite for expansion.

"I held onto it until 1986, when I had a good offer for it and sold out," he says. "I wanted to concentrate on the Portland market, and my goal then was to acquire a Toyota store in the metro area."

That opportunity came in 1988, when he bought the small Irv Leopold Toyota dealership in Milwaukie. Within a few months, it became the top-selling Toyota point in Toyota's Portland region, which includes the larger and more dynamic Seattle metro market.

The other acquisitions were "opportunities I couldn't pass up," Thomason notes, and he continues to be expansion-minded, "although it would take an awfully good deal" to make him step up again.

In Thomason's view, the Portland market remains strong "because, for once, we have a lot of growth — new people moving into the state — and a stronger employment picture than the rest of the nation."

While he sees some slowdown in sales in the first quarter of 1991, he believes his company can match last year's sales and profits.

He has made contingency plans in case of a slowdown.

"We're going to watch the inventory a little closer, and we're looking hard at unprofitable departments and the personnel count, too," he says "We have about 375 employees, which is quite manageable in the current market.

"But overall, I'm not contemplating any major cutbacks, and we're going to advertise a little more and try to move the market to us."

Providence

Kaplan proves 'Jake's Way' is THE way

By Ken Parker
SPECIAL CORRESPONDENT

Past, present and future. Jake Kaplan has it all in his palatial dealership, opened last June at a cost of some $4 million.

The past is all around him, in big color blow-ups and renditions of scenes from his racing days in Jags and Alfas at Sebring and other tracks in the 1950s.

The present is the airy showroom

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PROVIDENCE, R.I.
7-1-88 Population: 646,800

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	24,732	29,265
Light trucks	7,046	9,099
TOTAL	31,778	38,364

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Toyota Camry	1,302	Toyota Camry	1,176
Ford Tempo	948	Ford Escort	1,172
Ford Escort	937	Toyota Corolla	973
Honda Accord	905	Hyundai Excel	967
Toyota Corolla	834	Olds. Ciera	854

containing Jaguars and Range Rovers, his current franchises, plus an occasional Ferrari or Lamborghini. And Kaplan's initials in the Italian granite floor just inside the door.

Especially, it's his office — the sanctum — replete with the accouterments of success: cherry desk, leather swivel throne, big brass and glass mantel clock, wet bar and mirrored wall behind him.

The future? Kaplan raises his arms and grins. There's the mortgage on what observers call the Taj Mahal of Rhode Island auto dealerships. This is sweetened some, though, by a 50 percent tax abatement for the next five years, probably voted by the Providence City Council in expectation of the boost the tony business may have on the somewhat seedy surrounding neighborhood.

Kaplan could have built elsewhere, but he's done business at the same corner since 1946. "It's my home," he says.

Kaplan even bought a side street from the city for several thousand dollars and named it Jake's Way. It separates his used-car lot from his new-car lot, which is beside his immaculate, high-tech service department and cushy waiting rooms.

"I'm not sorry; I love it. If things get rough, you work harder - never lay down. Business is 20 percent off normal, but I'm happy with what I'm doing. Besides, the luxury car business is different from the rest of it. Your customers are loyal; they come back."

Kaplan also is involved in the Port of Providence, where Mitsubishis, Saabs and Volkswagens, arriving by ship, are processed and delivered to East Coast dealerships from Maine to Maryland.

His first enterprise, while still in his teens, was buying bald tires from a neighbor and regrooving them in his home on a side street nearby, then selling them for a meager profit.

Jake Kaplan

Jaguar, Range Rover

"Then I got into cars," he says. "I was selling cars for $50 or $100 before I went in the Army (World War II). When I got out of the Army in 1946 I had $2,500 saved up, so I started here on a vacant lot, selling used cars. If the upholstery needed replacing, I did it myself. I polished the cars. I was the whole agency."

It wasn't long before there was a saying on "automobile row" — "If you want a Caddy, see Jake."

He seemed to be able to get them although Cadillacs were in short supply, not having been produced during the war. Recently, he said his sources were out-of-state dealers, including one as far as Wisconsin.

"A guy I knew in the Army. I sold Lincolns and Packards, too. The state police came down once to check if a Packard was a stolen car," he recalled.

Kaplan went into foreign cars in 195[illegible], when "I fell in love with the first Jaguar I saw." Early franchises included VW and Mercedes.

Building a showroom and service facilities, he also sold obscure and mildly exotic cars including Sunbeam Alpine roadsters like the one Grace Kelly drove on the French Riviera in "To Catch A Thief."

How do you grow from regrooving tires to selling $50,000 saloons and sports utilities?

"It's a lot of work. You can't sit on your ass and count nickels. I was on the road at five in the morning going to pick up cars. And in particular, it's taking care of your customers.

"Whether I sold a guy a car for $20 or $5,000, if something went wrong with it six months later, I'd take care of it for free. That makes word of mouth advertising — the best there is. Success is built on good will," he said.

About 15 years ago, Rover invited Kaplan to England for three days to teach its dealers how to sell cars. They kept him there, making the rounds, for a week and a half.

Facing a combination of slow sales, inflation and the new 10 percent luxury tax, dealers might have to "drop the price and throw it (the tax) in," Kaplan suggests.

And to all dealers, regardless of the level of their franchise, this patriarch (he admits to 70 years) of Rhode Island car dealers says, "You got to make your customers feel that your agency is home for taking care of their car. And whenever you can afford it, you've got to give them a break."

St. Louis

Be on the lookout for market trends, Bommarito says

By Jack Bernstein
SPECIAL CORRESPONDENT

ST LOUIS, ILL.-MO.
7-1-88 Population: 2,466,700

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	113,696	121,880
Light trucks	47,765	47,278
TOTAL	161,461	169,158

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. Cavalier	5,354	Ford Escort	5,579
Chev. S10	4,695	Chev. S10	4,755
Ford Escort	4,387	Ford Taurus	4,607
Ford Taurus	4,202	Chev. Cavalier	4,522
Honda Accord	4,022	Ford F150	3,474

To achieve success and profits during lean and fat times, Frank Bommarito, chairman of the Bommarito Automotive Group, believes that a dealer should devote time to long-range planning and be able to spot trends in the market as they develop. Like adding imports and cellular phones.

Reading the demand provides a dealer with extra ammunition to fight the car and truck wars, especially during such challenging conditions as the present.

Although he is a megadealer, Bommarito tries to remain close to his flagship dealership and resist temptations and offers to wander far away in other states. He has concentrated four "major franchises" on 18 acres in Ellisville, a suburb of St. Louis. But he has others.

"From an expense standpoint, it makes sense and dollars to have one general manager, one general service manager and one general office for the four lines here," he says. "This cuts expense."

His philosophy is simple: "If you can walk to your dealerships, it's easy to run them. If you have to drive or fly, they run you."

Frank Bommarito

Chrysler, GMC Truck, Hyundai, Infiniti, Mazda, Nissan, Oldsmobile, Plymouth

The Big Four in Ellisville are Bommarito Oldsmobile, his first dealership; Bommarito Mazda; Bommarito GMC Truck and Van Center and Bommarito Infiniti. Annual sales are about 12,000 cars and 2,000 trucks.

Ellisville enjoyed "an excellent year" in 1990, Bommarito says. His Nissan dealership in Dellwood "is holding its own" but the Chrysler point in South St. Louis "had a fairly rough year, mainly because of its South Kingshighway location rather than its product."

The Hyundai dealership in south St. Louis County "has just begun to pick up after a fairly poor spring and summer. The pickup is due to new products and a new advertising approach."

Generally, the car business has suffered since the crisis in the Persian Gulf began last August. Sales are down about 15 percent and have been slow in every month except October, which showed a small gain.

Bommarito looks for a quick resurgence in car and truck sales when peace is restored, perhaps to an annual market of 16 million cars and trucks. "But there's no guarantee, even then," he says.

"There will be more players and if you are not doing everything right, you won't benefit. The secret is putting the right people in the right job with the emphasis on loyalty, honesty and a passion to totally satisfy the customer.

"The dealer must find some way to retain people for long periods of time. Turnover kills the business."

Bommarito is 55 and is in the business he has loved since boyhood. He says he has "made a good living in good and bad times. Tough people stay and make money in any business climate, but you have to be durable and have staying power."

His love affair with cars began at the age of 10 when he enjoyed hanging around a gas station in South St. Louis. His first chore, he recalls, was washing and cleaning parts. He worked in the used-car

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operation at the old McMahon Pontiac and later climbed the ladder from sales to management at Vincel Pontiac. In 1971, he opened his Oldsmobile dealership.

The key to survival in this recession, he says, is to watch expenses closely in all departments, especially in inventory control and advertising.

Other business hints: "Work with the minimum in each department. Trim some slightly. But above all, don't waste. Eliminate waste by effective cutting."

During difficult times, many dealers debate whether they should cut or increase advertising. Bommarito achieves the most with daily newspaper advertising. He uses "some radio" but avoids television because he feels it hasn't been as effective since the arrival of cable. And besides, he notes, it's expensive.

"Service and parts business are excellent," Bommarito says. "A dealer should know how to fix a car. I have a good body shop and a service department with 115 bays in Ellisville. I made a major commitment years ago by making a big investment in service facilities, especially the body shop."

But you have to be good in all departments, not just service. He referred to new cars, used cars, finance and insurance.

Bommarito says he doubts that incentives can help the current market because "the factory-to-customer rebate has lost its impetus. The customer no longer responds. All factories must give the dealers total cash rebates because they stimulate the market."

As long as the factory gives $1,500 to $2,500 to the leasing company, the dealer needs that same type of cash to keep the customer even in the marketplace, Bommarito believes. The new-car market for dealers is diluted, he adds.

"The customer's equity is hurt by the fleet," he notes.

Bommarito says he has noticed an improvement in relations with the factory, terming them "better now than they have ever been. The factory has moved the power base closer to the zones and regions. They are listening more and responding to front-line people."

"As a matter of fact," he adds, "they are listening to suggestions that will solve problems."

Another indication of Bommarito's farsighted, long-range view was the establishment of Bommarito Cellular Telephone Co., a division of his auto group.

The Bommarito dealerships give away a cellular phone with each car. The phone enterprise is in its third year and is selling 4,000 to 6,000 phones a month.

Salt Lake City

Miller rides high with 15 stores and the Utah Jazz

By Thomas R. Dowell
SPECIAL CORRESPONDENT

It's hard to tell which will hold more cars, the 15 dealerships in the four-state Larry H. Miller Group or the parking lot that will surround the new Salt Lake City sports arena for the Utah Jazz basketball team, all of which Larry H. Miller owns.

Miller, a portly 45-year-old with thinning hair and a penchant for Jazz purple polo shirts over a suit and tie, also bought the local International Hockey League Triple A franchise last year and sponsors a fast-pitch softball team.

SALT LAKE CITY-OGDEN, UTAH
7-1-88 Population: 1,065,000
REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	29,110	33,672
Light trucks	20,109	20,116
TOTAL	49,219	53,788

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	1,485	Ford Taurus	2,050
Ford F250	1,443	Honda Accord	1,377
Ford Taurus	1,342	Ford F250	1,310
Jeep Cherokee	1,068	Jeep Cherokee	1,290
Honda Civic	969	Hyundai Excel	1,175

He was thrust into the limelight when he became sole owner of the Jazz in June 1986, rescuing the National Basketball Association team from being sold out of state by the financially strapped owners who had moved the team from New Orleans several years earlier.

When Miller bought the Jazz, the Intermountain Area was going into an economic recession, which is just now being felt in other parts of the country. "When I hear talk about a recession, I feel like saying, 'Tell me something new.' " he says.

Besides playing in one of the smallest markets in the NBA, the Jazz play in the smallest arena. So it took a real commitment when Miller announced he was building an $86 million, 21,000-seat facility that will replace the 12,600-seat, county-owned stadium the Jazz now play in. It will also host concerts and ice shows and will be the home of the Salt Lake Golden Eagles hockey team.

Larry H. Miller

BMW, Chrysler, Chevrolet, Dodge, Hyundai, Lexus, Mercedes-Benz, Plymouth, Subaru, Toyota

Financing is being handled through Sumitomo Trust of Tokyo, which isn't too surprising, considering the success Miller has had working with the Japanese.

Five of his stores are Toyota dealerships. He is quick to defend local banks, which support his car business, noting that banking laws precluded them from financing the stadium project.

When car sales fell off, Miller focused on expense control and customer relations. He notes that two-thirds of car dealers' expenses are in three categories — personnel, advertising and floorplanning.

"The good news is, all three are controllable expenses to a large degree. We have focused on those," he says. "Overall inventory levels have been cut, and we are being cautious about advertising expenditures and are sticking closer to previously established guidelines."

Using that belt-tightening strategy, Miller has c[illegible]0,000 to $500,000 per month [illegible] the total operating costs. "Focusing on the control side is not as much fun as focusing on the operating side, but I think that's what's necessary and has been necessary for us the past couple of years," he says.

Even before auto sales in the region started to pick up, he managed to expand, adding a Lexus dealership last year and building a new Chevrolet dealership/automobile operations headquarters.

"Last October was the first time in 26 months that we sold more cars than in the same period a year earlier," he said.

The sales gains continued with November sales up 101 percent and December sales up 113 percent over the year before.

Miller had expected his Lexus and Mercedes-Benz sales to rise in December as luxury car buyers moved to avoid the new federal tax. But he was surprised by the volume of medium-priced cars.

That indicates his market area is picking up, he says. "Are we making money? Yes, but not what we would like to be making," he says. "It's certain that if this is the worst that has ever happened to us, we sure couldn't complain."

In 1990, the Miller Group sold more than 11,200 new cars and trucks and 7,925 used cars and trucks. Total annual volume was $337 million, up from $325 million the previous year. Miller expects 1991 to substantially mirror 1990.

"While the rest of the country sees a 3 to 5 percent decline, we think we'll be up 3 to 5 percent" he says. "So we feel fairly optimistic about where we're going and what we're doing. And even though we can't say business is great, overall we feel it's good."

Even though he has branched out to professional sports, he still enjoys the automobile business. "I think the car business has its frustrations and challenges, which I'm sure any other business does," he says. "But I believe it is still the best place for a person to utilize the free enterprise system. It allows a person to test himself, to see what he can accomplish through the use of financial and human resources.

"Despite the changes and the ups and downs, it's still the best place to be. I had a lot of jobs between high school and when I got into the car business, and what most of them taught me was what I didn't want to do for the rest of my life."

Before he bought the Jazz, Miller was more a fan of fast pitch softball, which he used to play, than pro basketball.

Miller entered the car business in the Salt Lake area in 1968 as a parts manager with a group that included a Toyota franchise. When he left for Denver in November 1970, it was as much to play for a national-caliber softball team as for the job opportunity.

He spent 23 "enjoyable" seasons pitching on world-class, fast-pitch softball teams before "time caught up with me" and he retired about five years ago. What was expected to be a short stay in Denver lasted 8½ years.

"Things went well both job-wise and softball-wise," he says. "We went there with two kids and came back with five. And in the late 1970s, we thought we would be there forever."

In 1979, Miller got an unexpected opportunity to return to the Salt Lake area with his own Toyota franchise. Expansion was the farthest thing from his mind. "If you had asked me in the first six weeks or three or four months after coming back here when we would be getting another store, I'd have looked at you real funny because it hadn't crossed my mind," he says. "As it turned out, we got a Toyota store in Spokane, Wash., in September of that year."

A year later he bought a Toyota store in Phoenix, Ariz., and six months later another Toyota store in Moscow, Idaho. His first departure from Toyota was in October 1981, with Subaru in Salt Lake.

"At that time, I bought out my partner, Reid Horne, which took all our capital resources, and we went on a two-year 'buying' sabbatical," he says. It wasn't until September 1983 that we bought Gordon Wilson Chevrolet, which was our first domestic.

"Since then, we have sold the stores in the Northwest and have grown to 15 stores in four states — Utah, Colorado, New Mexico and Arizona."

Miller hopes that by offering a quality product, both his dealerships and his arena parking areas will be filled.

San Antonio

Competitor Ancira finds opportunities in difficult times

By Tom Wolfgang
SPECIAL CORRESPONDENT

Operating effectively and profitably in the automobile business these days demands more skills than ever before.

It just doesn't seem to be enough to know the car business: The successful dealers are those who see the big picture and translate what they see to day-to-day dealership operations.

Ernesto Ancira Jr., owner and president of Ancira Enterprises in San Antonio has learned the hard way that you have to know how to translate the information into profits.

Ancira sometimes gets a high view of the business, when he is soaring high above San Antonio in a plane or helicopter. He is a licensed pilot with both commercial pilot and helicopter ratings.

Ernesto Ancira Jr.

Chevrolet, Eagle, GMC Truck, Jeep

And sometimes he sees cars as part of a bigger economic picture, when he is acting in his position as commissioner for the state's Strategic Planning Commission and as a commissioner for the Texas Department of Commerce.

Always, Ancira has learned, when you look at the whole picture, you make better decisions.

"The rest of the country is beginning to go through some tough times economically with the downturn in business we've seen in recent months," Ancira says.

"And dealers who are experiencing the contractions of falling sales and profits for the first time will undoubtedly go through many of the fat-cutting experiences we have been going through for the last several years here in Texas."

The national downturn has seemed to slow down the recovery of business in Texas. While San Antonio is still behind Houston and Dallas in the recovery process, dealers here generally had a little better year in 1990 than they did in 1989.

"Profits were up for us, and we had about $30 million more in sales." Ancira says.

"The key, I feel, is that when the market is down, you have to be aggressive.

"You can cut out all the fat and trim expenses to the bone, but if you let that cost-saving fever carry over to your advertising, you're cutting your own throat."

In terms and illustrations that would delight his college econom-

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ics professor, Ancira continues with his lesson:

"When consumer confidence is low, as it has been for the last few months, potential buyers delay major purchase decisions. They hold on to that car or truck a little longer.

"It gets a lot harder to get them to make that long-term commitment with so much uncertainty surrounding them."

The point Ancira makes is that in a down market, the only way to improve your position is to increase your share of the market and "get some of your competitor's sales."

It wasn't economics that brought that realization home to Ancira, the competitor. Active in many sports, he thrives on competition.

"I really get into competitive sports," he says, "but I began to notice that more often than not, the matches I would lose were the ones where I had been ahead 8-to-1 or so.

"I figured out that when things are going well and you get ahead, there is a natural tendency to let down, and it seemed to work the same in business.

"When business is good, you tend to drop your guard and the fat comes creeping right back in, in the form of extra people and equipment."

SAN ANTONIO, TEXAS

7-1-88 Population: 1,323,200

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	41,579	41,168
Light trucks	23,423	22,101
TOTAL	65,002	63,269

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford F150	2,187	Ford F150	2,594
Chev. C1500	2,065	Hyundai Excel	2,100
Honda Accord	1,806	Chev. C1500	1,924
Cad. DeVille	1,500	Honda Accord	1,650
Ford Escort	1,428	Ford Escort	1,528

The Ancira dealerships seem to have learned the lesson well. Keep the operation lean and mean, even when business is good, and attack the market with aggressive marketing.

It seems to be working.

Ancira-Winton Chevrolet, the company's flagship, is the highest sales volume dealership in the San Antonio market.

Other Ancira Enterprises dealerships include a Jeep-Eagle store that is volume leader in its makes and Ancira Motorhomes and GMC Trucks.

Ancira looks for continued sluggishness in the new-car market until the Middle East situation is stabilized and consumers are comfortable with oil prices again. It could be weeks or months.

But he isn't waiting for the economy to catch up; he's out charging in other directions to pick up the slack.

His biggest gains have been in the service department. With the improvement in the quality of new cars and trucks, Ancira's backshop revenue was declining because of a reduction in warranty repairs.

As business has slowed in virtually every profit center at the same time, the need to make every department profitable has been the difference between surviving or giving up for many dealers, and his is no exception.

For Ancira, the greatest challenges and perhaps the best rewards have come from the ability of his service departments to adapt and overcome obstacles and improve their contribution to overall dealership profitability.

"Service has made the transition by initiating pricing and programs that have recaptured a lot of the minor repair and maintenance work that had been getting away to aftermarket specialty shops," he says.

"When the vehicles don't come into your shop for the small repairs, you aren't as likely to get the large ones.

"The maturation of extended service contracts is also starting to refill the warranty revenue gaps lost in the early lives of those vehicles."

Opportunities always show up in the aftermath of difficult times, and Ancira believes that lots of opportunities will continue to arise in the car business.

"The problem," he says, "is that so many dealers have exhausted their reserves in these tough economic times, and many will not be able to take advantage of the opportunities when they occur."

Ancira believes there will be a continuing reduction in the number of dealers and the number of dealerships, as more small dealers give up the fight and their franchises are absorbed by the larger, more successful dealers.

"In that respect, it's only going to get tougher, but its going to be great for those of us who survive and prosper," he concluded with a smile.

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1991
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Title	Count	Price	Title	Count	Price
New Car Dealers (Total U.S.)	27,682	$ [illegible]	Ford	4,862	$ 200
(Also available by region:)			Honda	[illegible]	95
Eastern Region (East of the Mississippi)	17,431	[illegible]	Isuzu	673	95
Western Region (West of the Mississippi)	10,251	345	Jeep	1,540	115
(Also available by make/brand sold:)			Lincoln-Mercury	2,687	120
Buick	3,023	140	Mazda	933	95
Cadillac	1,719	115	Oldsmobile	3,270	140
Chevrolet	5,053	220	Pontiac	3,052	140
Chrysler-Plymouth	3,216	140	Subaru	847	95
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San Diego

Racing enthusiasm drives prospects to dealer-racer

By Kristine Stiven Breese
AUTOMOTIVE NEWS STAFF REPORTER

Richard "Rug" Cunningham is a car guy's car dealer.

The San Diego area BMW dealer has been racing cars for 25 years, 10 years longer than he's been selling them.

He started working in and around his Dad's Ford dealership when he was 11. But it was six years earlier, when he was five, that he went to his first race and fell in love with racing.

"Cars are my life's passion. Racing is a way to indulge my passion," says Cunningham. "I've driven stock cars, hot rods and Indy cars. I'll drive anything that's safe."

Richard Cunningham

BMW

Cunningham insists that his love of racing is not an idle passion. It's a way to differentiate himself as a dealer. And he says motorsports are the key to the success of his 15-year-old BMW franchise.

Cunningham BMW has been the largest volume BMW dealer in the greater San Diego area for the last six years. That's despite the store's far-flung location in El Cajon, about 30 miles northeast of downtown San Diego.

Not only is the dealership off the beaten track, but El Cajon is a primarily blue-collar community and its demographics don't match BMW's typical customer profile. So Cunningham uses racing to get his name in front of the right audience.

"The people who buy my cars don't necessarily live around here and drive by the showroom everyday. We have to take the cars, and our enthusiasm, to where they are," Cunningham says.

He says 94 percent of his customers live or work closer to one of the other five dealers in San Diego county.

"We have a reputation for racing and for being enthusiasts, and that means people will drive out of their way to do business with us.

"It still amazes me that what we're doing here — using racing as a marketing tool — is unique. Thirty, thirty-five years ago, if you were selling a foreign car you had to race. That was the battlefield," he remembers.

Cunningham sold 252 new and 188 used BMWs last year for $15 million in sales. During BMW's heyday in 1986, he sold 464 new and 300 used BMWs for $26 million in sales. "We're black, but we're not big-time black, he says.

As sales and profits fall, so does Cunningham's racing activity. "Our racing budget is part of our advertising budget. When sales decline the money in the till for both of those declines too," he says.

BMW of North America helps offset some of Cunningham's racing costs. Cunningham BMW is the only BMW dealer in the country getting money from the distributor for racing. He got $26,000 for that purpose last year, an amount he calls "not nearly enough."

SAN DIEGO, CALIF.

7-1-88 Population: 2,370,400

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	81,313	94,029
Light trucks	42,842	49,798
TOTAL	124,155	143,827

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	5,292	Toyota S'bed	5,280
Nissan Sentra	4,623	Ford Ranger	4,925
Toyota S'bed	4,432	Honda Accord	4,746
Ford Ranger	4,152	Hyundai Excel	4,476
Nissan H'body	3,873	Nissan Sentra	4,445

He and his dealership staff participated in four races last year and spent $100,000 on those efforts.

Cunningham says he'd like to do at least six races a year. During stronger sales years, he's spent more than $125,000 on motorsports promotions. If he could get more money out of BMW, he says he'd race a lot more.

In March 1990, Cunningham and his general sales manager, Jeff Gerken, raced an M5 and M6 on a 115-mile open road race in the Mexican desert of Baja California. Gerken finished second, behind a Ferrari Testarossa.

To highlight the race and the cars, Gerken and Cunningham shot a video during the race from inside the cars. They shot it for fun, but it has turned into a promotional tool and they have sold 9,000 copies.

Last fall, the pair finished first and second in the BMW Cup at the Vintage Fall Festival at Lime Rock Park. Each was driving one of Cunningham's pride-and-joy 2002ti racers. The two 1968 models are the heart of Cunningham's dealership-based racing program.

The Lime Rock victory was featured as the cover story for the November issue of Roundel, the monthly magazine of the BMW Car Club of America. That was the third cover for Cunningham in 1990.

"The kind of press we're getting and the success we've had racing makes it clear that racing heritage should be the focus of BMW's marketing and image-building in the United States," Cunningham insists.

To that end, he has appeared before a number of BMW of North America executives in recent months to request more money for his efforts and to talk about integrating racing into a national marketing program.

He says it is what BMW needs to effectively market in the 1990s.

"During the mid- to late 1980s, a whole lot of people bought BMWs to improve their love life. They wanted the cars to convey wealth and social status," he recalls. "Now the theme for the '90s is: Simpler is better. Cars don't change love lives. And BMW needs a new strategy to give the cars new appeal."

The center of that new strategy should be racing, he insists.

He says that racing is a fundamental part of BMW's heritage, and that "heritage is all that distinguishes BMW and other Europeans from the Japanese."

Cunningham says Lexus and Infiniti have hurt his business, especially sales of the high-end 7-series. He's taken two Infiniti Q45 sedans in trade. He says both customers complained that the car "was too high-tech.

"The cars were too much like their VCRs — too much technology and gimmickry that they didn't need or know how to use," he says.

Cunningham is confident that

▶

BMW can ride out the current slump. BMW's U.S. sales were down 1.9 percent last year.

He says that while the weak economic climate will make things tougher, BMW can survive if it reminds prospects that its cars are drivers' cars, not strictly luxury cars.

"In the old days of BMW in the U.S., back in the 1970s, people bought BMWs instead of Mercedes as a rebellion against old money. Then, in the 1980s, we put them in front of country clubs and polo matches and competed with Mercedes," he recalls.

"Now we need to go back and stress what makes BMW so different from Mercedes, from the Japanese."

San Francisco

Quakes or slumps, Brooks still enjoys the car business

By Tom Lankard
SPECIAL CORRESPONDENT

SAN FRANCISCO, CALIF.
7-1-88 Population: 1,590,100

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	109,165	112,696
Light trucks	30,741	32,039
TOTAL	139,906	144,735

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Ford Taurus	5,503	Ford Taurus	8,674
Toyota Corolla	4,318	Honda Accord	4,178
Geo Prizm	4,154	Toyota Corolla	3,744
Honda Accord	4,053	Ford Mustang	3,730
Ford Tempo	4,001	Honda Civic	3,579

The Loma Prieta earthquake that rattled the Bay Area on Oct. 17, 1989, and its economic aftershocks haven't shaken the satisfaction Marie Brooks gets from selling new cars in San Francisco.

"We had a 20 percent drop in business," says Brooks, president of Ellis Brooks Chevrolet-Nissan-Geo, the oldest dealership on auto row along Van Ness Avenue.

But she doesn't blame all of that drop on the effects of the earthquake on the area's economy. Her dealership's two-story-tall plate-glass windows were the earthquake's only victims along auto row, and she guesses that the boarded-up windows led some shoppers to believe the dealership was temporarily closed.

Despite that setback, Brooks still gets a kick out of being a new-car dealer. "If I were just looking to build an estate for my children," she says, "I would have sold the property at least 12 years ago. But the car business is exciting and challenging."

Brooks' dealership has been on Van Ness Avenue since 1940. That was the year her husband, Ellis, incorporated Ellis Brooks Motors, a Studebaker outlet. In the early 1950s, for obvious reasons, he went searching for a new nameplate, and in 1955 signed with Chevrolet.

Marie Brooks

Chevrolet, Geo, Nissan

Marie Brooks started running the dealership in 1963, when her husband became ill. He lived until 1972, but she became the operator of record in 1970.

Asked the secret of her dealership's longevity, she answers, "Until 10 years ago, it had a great deal to do with Chevrolet." But imports took bigger and bigger bites out of domestic sales, especially in California. Today, she says, half the new cars bought in the state are imports; in San Francisco, imports have 70 percent of the market.

That is why Brooks acquired a Nissan franchise two years ago. A smart move, too, because in 1990 Nissan provided 60 percent of Ellis Brooks Chevrolet's estimated 900 new-car sales. On the "domestic" side, Geo and Chevrolet split the remaining 40 percent evenly.

When trucks are included, the sales graph sheds some of its uniquely California look: About 300 of the nearly 400 new trucks Brooks sold in 1990 wore a bow tie. Counting cars and trucks together, the Chevrolet-Geo share was 51 percent.

Despite the recession and soft new-car market, Brooks is cautiously optimistic that 1991 will be another $27 million year.

As for the local economy, she is not terribly concerned. "The city has adjusted to living without a lot of outside commuters," she says.

She explains that during the few months when closed bridges and freeways severely limited travel, suburban residents discovered they didn't need the city to satisfy their entertainment and shopping needs.

In the ensuing shakeout — evidenced by the closing of a number of smaller restaurants, a few big-name eateries no longer opening for lunch and an occasional automobile dealership bankruptcy — "the economy has found a new level."

Brooks is not passively waiting for whatever may happen. To hold or increase her market share, she's planning additional advertising. She intends mainly to tie in with "manufacturer-driven" television advertising. For Chevrolet, she prefers institutional ads over price ads.

On the import side, she'll go the other way. "Nissan price ads get more response than Chevrolet price ads," she says, surmising that "the foreign car shopper doesn't have the brand loyalty that the Chevrolet buyer or the Ford buyer has."

She's still trying to figure out Geo buyers. "They don't want to buy foreign," she says, but she adds that she still makes sure they're told Chevrolet doesn't make the cars, "except for the, um, Prizm, I think it's called."

Brooks is no fan of factory incentives, rebates and special purchase programs. "I'd like to see the manufacturers cut prices across the board, sell the cars to dealers and let the dealers sell to the buyers," she says. "The manufacturers are dictating what we have to sell the car for. . . . They're making us an outlet to service their programs with a big dollar investment and very little return on it."

Even worse, Brooks says she has to allocate the equivalent of a full-time position to make sure her dealership collects all the money the manufacturers owe it.

Parts and service almost always increase in uncertain economic times when people hold on to their cars longer, and they are already picking up for Brooks. "Last year was the best parts and service year we've ever had," she says. From $340,000 a month in 1988, the volume of the parts and service department increased to $500,000 a month in 1990. To keep pace with the growing volume, Brooks has purchased additional shop equipment and hired a wholesale parts person and a full-time delivery driver.

In customer service, Ellis Brooks Chevrolet offers several courtesy programs. One, and by no means a Brooks exclusive, is a downtown shuttle for owners having their cars serviced.

Another, and growing in popularity, is 24-hour road service. Although limited to one year and to the Bay Area, Brooks' Auto Night offers everything auto clubs do except towing. During the five years the dealership has offered Auto Night, an average of 10 to 15 customers have used it each month.

The dealership also has a unique program that reflects its owner's singular status in the city's automotive circles. And one she talks about only when prodded. Called "Under the Hood," it is a three-hour seminar designed specifically for women and conducted for about 20 attendees on a half-dozen Saturdays during the year.

"It has nothing to do with buying a car," Brooks says. "It's a maintenance seminar . . . on how to touch the hoses and tell if they need to be replaced" and things like that.

"Twelve years ago," she muses, "I was too young to hang up the shingle. I didn't want to go someplace and start a new identity, and I didn't want to stay home and clip coupons. So I stayed in the car business on Van Ness, as foolish as it may seem."

Brooks doesn't sound as if she's any closer to hanging up the shingle today than she was a dozen years ago.

Seattle

Cloudy year ended in storm; time to cut staff

Ashly A. Knapp and Jean Swenson
SPECIAL CORRESPONDENTS

SEATTLE, WASH.
7-1-88 Population: 1,861,700

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	78,124	73,183
Light trucks	45,522	37,894
TOTAL	123,646	111,077

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	4,993	Honda Accord	4,078
Ford Taurus	3,938	Ford Taurus	3,615
Honda Civic	3,648	Honda Civic	3,224
Chev. S10	3,327	Chev. S10	2,960
Ford Ranger	2,933	Ford Ranger	2,536

William E. McIntosh, Jr. might be selling computers for Big Blue instead of cars for Chrysler. Why did he pick cars?

McIntosh, owner and president of North-Seattle Chrysler Plymouth, figures, "It's just the mystique about automobiles. I've always liked automobiles. I drove a Corvette through my time at the University of Minnesota."

William E. McIntosh, Jr.

Alfa Romeo, Chrysler, Maserati, Plymouth

After completing grad school there he chose the Chrysler Corp. over IBM and Ford to begin a sales career.

McIntosh worked his way through half a dozen jobs at Chrysler; his last post was as staff executive to E.T. Pappert, vice-president for North American auto sales. He was hired by Joe Shady, who is now director of dealer enterprises for the Chrysler dealer body, and followed him for eight years through his career.

"Shady was an infectious leader," he says. "Lots of managers came through his school." Given the chance to go with another auto maker years later, he again stuck with Chrysler this time because of another great leader, Lee Iacocca. "Because of Iacocca I stayed. He keeps us competitive." He also thinks Iacocca's staying with the corporation now is good for Chrysler.

When he left the corporate offices in 1985 he invested in his own dealership because he enjoys selling cars. McIntosh stands behind the product he sells and the corporation he represents.

But 1990 wasn't the stellar year he'd hoped for, and it ended on a sour note when the biggest snow storm of Seattle's history paralyzed the city. He had trouble keeping staff motivated and traffic through the store. The snowstorm played havoc with one of the most lucrative economic events in the Seattle business year; the Boeing bonus given on Dec. 15. Totaling $183 million for 1990, it usually accounts for an upsurge in sales at the end of the year.

But this year, the mayor of Seattle asked people to stay home. "I didn't get my first Boeing deal until Dec. 27, which was a Chrysler Maserati, and then I only did five more deals after that and I think it was due to the weather.

"From the 26th to the 31st we will usually do 50 cars and it just didn't happen this year."

Weather aside, 1990 was a year where the typical car buyer began hedging and slowing down. "My profits compared to 1989 will probably be down about 30 percent," he said.

In 1989 he delivered 1,600 new cars, and he finished 1990 with 1,200 units. "I'm wondering where my other 400 cars are. Figuring on a monthly basis we normally sell 150 new cars and 50 used vehicles or 200 per month, right now we're only selling 150 both new and used."

To cope, McIntosh plans to trim his staff of 64 employees to 58. "The store has got to stay healthy," he says. "The best way to get expenses out of the store is you walk 'em out."

McIntosh says buyers are having a harder time getting financing, and banks want more money down. "The reason we're not seeing real good buyers is that things are out of sync." He feels the C and D buyers he's seeing are a testament to uneasy times. "That real good buyer reacts to what's going on around him, he's worldly and when there's something out of sync he sits on his hands."

The Middle East situation and recession have good buyers waiting. "Once these things are resolved then the A and B buyer will be back. I think pent-up demand is building up right now."

McIntosh goes on, "Its a consumer market out here, it's a very competitive market, there's eight Chrysler-Plymouth dealers in the Seattle/Tacoma area and we all pay Chrysler the same amount of money for cars . . . the difference is me, how I handle that particular customer."

His philosophy at sales meetings is very clear:

"Three things sell a car and price is third. The No. 1 item that sells a car at North Seattle Chrysler-Plymouth is how that customer perceives us as a dealer. No. 2 is the rapport. We have a policy if you're not building rapport turn them

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over. And third is price. We do not give the lowest price over the phone because we want to get people out here to see the dealership.

"There's a chemistry you build between people," McIntosh says. "We've got a female salesperson in each of our three crews. They have a lot of patience and they are very successful here. The female market right now is probably making 60 to 70 percent of the buying decisions on cars."

Car sales may be down but in parts of the dealership things are looking up. McIntosh attributes his success in service to his hands-on customer service. "My service has been excellent. I will have had the best year I've ever had in service and parts."

He's also renovating the service and parts area of this Chrysler-owned property to handle an even greater volume.

But still he wonders where all the new car buyers are hiding. His typical ad campaign of $50,000 a month just doesn't seem to have the same pull it used to. He claims the buyer is not responding to radio, television and newspapers.

"When I was at my height," he recalls, "I was on four television stations, seven radio and 12 newspapers and Ackerley billboards. I can't shotgun anymore. I've got to start pinpointing."

He's putting more energy into direct mail pieces and mailing lists. Direct mail campaigns to higher income neighborhoods as well as Boeing employees has worked. As a consequence he'll pull back on typical ad campaigns in larger media.

McIntosh also believes in "idea sessions" with his managers. "I've got to sit down now and develop a new strategy, a new game plan and new business plan. If I want to continue at the height and level that I am, then I need to come up with a new idea."

Could Chrysler help him on the road to more sales? "The only thing we really got for this year was the Sundance America and the all-wheel-drive Voyager." He feels new product is needed in his division, something on the order of the Dodge Stealth, to pick up foot traffic in the store.

He's definitely been happy about Maserati. "We're the No. 1 Maserati dealer for Chrysler in the country. We have delivered 94." He has not had similar success with Chrysler's other Italian import, the Alfa-Romeo. "I just haven't been able to reach the Alfa market."

Tampa

Downturn prompts Dimmitt to shed franchises, costs

By Patricia A. Kelsey
SPECIAL CORRESPONDENT

TAMPA-ST. PETERSBURG CLEARWATER, FLA.
7-1-88 Population: 1,995,100
REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	106,613	111,049
Light trucks	35,042	37,017
TOTAL	141,655	148,066

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Toyota Corolla	4,161	Chev. Corsica	3,828
Pont. GrndAm	3,132	Ford Mustang	3,503
Honda Accord	2,982	M. GMarquis	3,214
Linc. T'car	2,961	Dodge C'van	2,981
Chev. Lumina	2,811	Chev. S10	2,939

It's been a tough go for the auto industry, but it's not half as bad in Florida as in other markets like the Northeast "where there's barely a pulse of activity," says Lawrence H. Dimmitt III, president of Dimmitt Chevrolet.

That's not to say that stores like Dimmitt's have not had to make adjustments in big-ticket items to better reflect current market conditions.

"The trick," says Dimmitt, "is not to cut back so severely that you end up cutting business."

Dimmitt Chevrolet is one leg of the Dimmitt Affiliated Dealerships network that once included about 10 outlets.

It is now focusing on its two mainstay GM stores — Chevrolet and Cadillac in Clearwater — along with the Toyota franchise in nearby Inverness, Fla.

"In the 1985-86-87 time span, people were buying cars like mad. It didn't matter what nameplate you carried. At this time, it's better to focus on the franchises you feel offer the best opportunities," Dimmitt says.

On the selling block went Hyundai, Subaru, Volkswagen and Nissan points, four former occupants of the Dimmitt Auto Mall established two years ago for the Tampa Bay area.

"The mall never achieved the necessary sales volume to make it fly," Dimmitt notes, "nor had we anticipated the current sales drop when the mall concept was put in place."

Lawrence H. Dimmitt III

Cadillac, Chevrolet, Toyota

Other victims were the BMW and Jeep-Eagle stores.

The next order of business was to address major expenses like personnel, advertising and floorplanning.

Personnel was rearranged, but only in small ways, Dimmitt says.

For instance, a drop in sales calls meant that telephone calls no longer had to be routed from a central receptionist to a sales force operator. Calls now go direct to the sales department, which reduced to one the number of telephone operators.

Direct-dial long-distance telephones now are re[illegible]ted to five throughout the dealership. That cut Dimmitt's $6,200 monthly phone bill to $4,200. Most long-distance cars now are placed by the operator.

Cutbacks in advertising have occurred, but Dimmitt would not specify the degree. Promotional efforts have been beefed up in some areas, however, as part of an effort to bring in more bucks into the body shop and the service and parts departments.

Inventory is being tightened to maintain a 60- to 90-day supply.

The dealership took a hard look at outside services like trash collection and plant watering, which were taking as much as $9,000 a month out of Dimmitt's coffers. Trash costs were reduced by shopping around, and Dimmitt personnel now water the plants.

Dimmitt declines to disclose unit sales or dollar volume, but he admits that sales "were off a bit in 1990."

There has been a domino effect from other industries, he says. The buying public's disposable income is down, restricting their car-buying plans.

As 1991 rolls along, he anticipates more downward pressure. "As more businesses cut down, there will be less money floating around. It's a multiplier effect," Dimmitt says.

While Dimmitt wants to stay within a 60- to 90-day inventory, he admits that it's difficult because of multiple model lines. "You always have high-demand vehicles and others with virtually no demand. It's an ongoing balancing act," he says.

Another cloudy issue is rebates. Manufacturers tend to alter rebates continually, running them up and down like a yo-yo, Dimmitt says.

"You may have a $1,500 rebate on one vehicle and when the sun comes up the next day, it's changed to $500. This drastically affects the demand for that vehicle," he says.

The worth of incentives shows up most significantly when the rebates are biggies, Dimmitt says. People react favorably, and those vehicles move out the door at a faster pace.

He believes 1991 will bring a trend of more cash-to-dealer incentives and fewer customer rebates.

"These would be paid out according to your achievement of certain pre-established sales goals," Dimmitt says. "If you hit, say, 25 percent of a sales goal, the cashback would be $100 or $200; 50 percent would double that, and so on."

Best-moving models are also affected by the rebate programs.

"Last year, our best mover was the Camaro with a rebate high of $1,500," Dimmitt says. "That makes a big difference in a $10,000 to $12,000 price range."

Camaro is now falling off and Caprice is picking up steam, he says, again due to a generous rebate.

The Geo line is showing greater promise this year, helped by its gas-mileage capabilities in a higher-than-normal gas price period brought on by the Persian Gulf situation.

The new luxury tax on the portion of a car's price that exceeds $30,000 has not affected Dimmitt in any measurable way.

Sales of Corvettes in the $35,000 to $40,000 range are not being deterred by the tax because "such buyers can always find an extra $500 in their mattress to handle the excess tax of 10 percent above the $30,000 mark," he says.

The tax may, in fact, help Corvette sales and sales of some of his other lines, Dimmitt says, because of the effect on European imports. Those prospects "may rethink to the Caprice and Cadillac lines," he says.

Toronto

Menzel sells cars, but he's in the 'people business'

By Alex Law
STAFF CORRESPONDENT

When Peter Menzel says, "I'm not really in the car business," it's something of a shock, since he's been a Volkswagen-Audi dealer in Toronto for 15 years and recently served as president of the Federation of Automobile Dealer Associations of Canada.

The remark makes more sense when he adds: "I'm in the people business. It's just coincidental that I'm in the car business."

That is Menzel's first response when he's asked why he's been so successful as dealer-principal of Agincourt Autohaus in Toronto's northeast corner. In terms of unit sales, his store is in Canada's top five for VW and Audi. But more important to Menzel, it's the No. 1 metropolitan operation in terms of customer satisfaction in VW's Canadian empire.

TORONTO, ONTARIO
6-1-90 Population: 3,751,700
REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	166,837	212,384
Light trucks	59,585	74,820
TOTAL	226,422	287,204

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. Cavalier	9,649	Chev. Cavalier	9,733
Honda Accord	8,194	Ford Tempo	8,579
Honda Civic	6,510	Honda Civic	7,348
Ford Tempo	6,073	Honda Accord	6,694
Toyota Corolla	5,791	Dodge C'van	6,572

Menzel's other criteria for success include:

- Base your marketing effort on word-of-mouth, rather than advertising. Put more effort into satisfying customers. In a dispute, always give them the benefit of the doubt.

Peter Menzel

Audi, Volkswagen

- Anybody who trusts a dealer enough to do business with him should be shown the same level of trust.
- Strive for a quality product, including service.

Menzel admits that those things are "no big deal. No big secret. Just fundamentals."

But he maintains that not every dealer practices those principles, even though they should at all times and especially now. He describes business in early January "as if it was cut off. New business was half of what it was."

That is contrary to expectations, since the lower car prices (about 4 percent) caused by a new federal tax structure were supposed to boost sales, which were sluggish in December.

Menzel's explanation: "The public didn't believe the government or the automobile industry" that prices were going to fall. He thinks some of January's sales actually took place in 1990.

Also, early-1991 sales were not helped by concern over the Persian Gulf and the future price of gasoline, Menzel notes.

Despite the early sales slump, Menzel predicts that his dealership will move about 600 units in 1991, down slightly from 617 in 1990 but still way up from 408 in 1989.

Even with such strong sales, Menzel says it's unlikely that his dealership will make money this year, and he doesn't seem to take any comfort from the fact that he's not alone. "As far as the new-car department goes, I don't know a single dealer who actually makes money now," he says.

Menzel maintains that the biggest problem for Canadian dealers is the adoption of American marketing policies by the Canadian companies, particularly the domestics and the Japanese. He says those policies are designed to presell a manufacturer's product before the customer gets to the dealership, which is likely to have

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other car lines in the United States.

Canadian law, however, pretty well forces a store to be an exclusive point, Menzel says, so the costs to the dealers of supporting the American-style marketing effort are unnecessary.

VW does not use such tactics, and Menzel feels the other companies will have to change their marketing strategies or the dealers will have to ask the federal government to change the Competition Act to permit more dualing.

Aside from a change in exclusivity or marketing tactics, Menzel says, "The other thing is for dealers to put a genuine marketing effort into the service and parts aspect of their business.

He says that when he left VW Canada to take over the dealership in 1976, "I was not affected by the 'retail practices' of the automobile business, so my brain was uncluttered with preconceived ideas or practices. I could develop a business plan based strictly on dollar turnover and gross profit retention and totally divorce the dealership from unit sales."

In light of that, he quickly reasoned that "the most direct influence I had — and the most profitable one — was in the service and parts area. In the new-car department I had maybe 20 percent influence because I was not designing the cars, I was not building them, and I was not pricing them. So, as an entrepreneur, I had no input on 80 percent of the whole."

On service, however, Menzel calculated that "I at least had 60 to 70 percent influence because 30 percent still depended on the factory — whether or not they built a good car."

To get the customer satisfaction that generates good word-of-mouth (which Menzel says has "unbelievably tremendous strength"), a dealer has to practice "marketing through association, which is essentially the information processing of customers when they look at things and set up associations."

For example, Menzel says, "If they see a clean shop floor, they associate that with well-managed. This reduces risk perception. If they see clean-cut mechanics, they associate that with expertise and integrity, reducing risk perception.

If parking and service processing are made easy for them, it's a sign of good management. If they have a complaint — justified or not, it doesn't matter — settle the complaint."

Menzel says a dealership that wants to succeed in the profitable service and parts business has to have "a structural approach to service." That structure has to define the product, recognize the risk-reduction process and pay homage to the power of word-of-mouth.

In addition, he says, is the need to "instill in everyone in your service department that anyone who comes in is your customer. He's not the factory's customer, he is *your* customer."

He maintains that Agincourt Autohaus has eliminated the two classifications, "He bought from us" and "he didn't buy from us."

Menzel believes that today's dealers are too immersed and too occupied with tactical matters without thinking about the broader strategic concepts of a business." He says that "a business cannot be run on tactics, you have to have a strategy."

The auto business is tough these days, but it never crosses Menzel's mind to sell his valuable Toronto property and go into another line of work.

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Vancouver

Pattison group will be prepared if slump comes

By Steve Mertl
SPECIAL CORRESPONDENT

Don Connors thinks a sustained economic downturn will produce a severe shakeout among both auto manufacturers and dealers.

But he's sure the Jim Pattison Automotive Group in Vancouver, British Columbia, will survive, even prosper.

"It's an opportunity for us," says Connors, group president. "We love tough times. We've been getting ready for it for the last three years."

It sounds like bravado but one glance around group headquarters tells a visitor that Jim Pattison, founder of the group, hasn't spent his treasure building monuments to his success.

From a suite of nondescript offices above Pattison Pontiac-Buick-Cadillac, Connors, 45, controls seven British Columbia dealerships (four Toyota and two General Motors stores and a newly acquired multi-brand import outlet), two leasing firms and a cellular phone operation. The company also owns a dealership in the Seattle-Tacoma area in Washington.

VANCOUVER, BRITISH COLUMBIA

6-1-90 Population: 1,547,000

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	62,907	64,970
Light trucks	29,257	27,294
TOTAL	92,164	92,264

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Civic	5,008	Honda Civic	4,388
Honda Accord	3,801	Honda Accord	2,816
Toyota Corolla	2,746	Toyota Corolla	2,463
Chev. Cavalier	2,486	Ford Tempo	2,271
Dodge C'van	2,18[illegible]	Toyota Tercel	2,262

Last year, the group sold 17,000 new and used cars and trucks, up about 2,000 from 1989.

Pattison, who opened his first dealership in Vancouver in 1961, no longer personally directs the automotive group's fortunes. It's a core business in his empire that ranges from a supermarket chain to fish packing to outdoor advertising to periodical distribution, even a New York-based investment and arbitrage firm.

With $1 billion (Canadian) in assets and $2.2 billion in gross revenue in 1989, it's the fourth largest privately held company in Canada.

The Saskatchewan-born Connors, who joined Pattison in 1968 after college, has headed the automotive group since 1982, stepping over from Pattison's RV-manufacturing operation and, before that, catalogue merchandising.

Don Connors

BMW, Buick, Cadillac, Chevrolet, GMC Truck, Jaguar, Nissan, Oldsmobile, Pontiac, Subaru, Suzuki, Toyota, Volvo

Canada has been in a recession since last spring, but despite layoffs in the forestry industry, British Columbia hasn't been hit hard, so far.

Auto sales last year in this province of more than two million people (about three-quarters of them clustered in Vancouver and its suburbs) at least matched 1989, slipping slightly in December.

The recession psychology scaled the Rockies from hard-hit Central Canada, but the outlook remains fairly optimistic. Barring the unforeseen, dealers here expect any dip to be short-lived, with the vehicle market buoyant again by the end of the year.

Connors believes that any slump should hit in earnest by this spring. "I just don't know how deep it will be," he says.

Deep and long might spell trouble for greater Vancouver's dealer-saturated market, he says.

"The Lower Mainland is probably the most over-dealered in North America," he says. "And this is the beachhead for the Japanese."

One out of two vehicles sold here is an import, compared to about one in three in the rest of Canada, compounding competition and cutting profits.

"We sell more cars for much less money," Connors says.

He says the volume approach has chopped profits on new vehicles to as little as 8 percent.

Displaying a Western Canadian's antipathy for Toronto-based national banks, Connors is angered by tighter credit on auto buyers, based on the banks' experience in slumping Central Canada. The number of deals that fall through because of loan rejections has more than doubled since fall. If this keeps up, Connors says Pattison may try to shift more deals to open-end leases financed by its own leasing operation.

He sees pressure on dealers caused by the approaching parity between the quality of imported and domestically produced vehicles, which will put even more emphasis on value and after-sale service, while transplants will put even more production into the pipeline.

Something has to give, and Connors wants the Pattison group to be ready when it does.

The group last year extended its performance enhancement program to lower levels of dealership management and the parts and service staff. The program trains staff and managers in inventory control, asset management and customer satisfaction.

The group has also concentrated on hiring and training business people in management instead of promoting sales personnel. The strategy improved the quality of group managers, Connors says, and, aided by incentive programs, it has reduced the turnover rate — now near zero for managers, compared with about 90 percent annually for the sales staff.

More recently, Connors dropped three dealerships, Nissan and Suzuki stores in Vancouver and a Hyundai dealership in the Vancouver Island logging town of Duncan.

Pattison also acquired Park Valley Motors in Kelowna, which sells BMW, Jaguar, Volvo, Subaru and Suzuki. Kelowna is the heart of the fruit-growing and tourist-oriented Okanagan Valley 175 miles east of Vancouver. It is a growing retirement haven, and a new freeway puts it in easier reach of Vancouver. Connors thinks that will help turn Kelowna into the second-largest city in the province.

Pattison is also moving south to counter the impact of the Canada-U.S. Free Trade Agreement, which will phase out import restrictions on used cars by 1993 and will open the border to cheaper low-mileage vehicles from U.S. dealers.

Connors recently closed a deal to buy Nissan-Suzuki of Tacoma in the Seattle-Tacoma area and is eyeing a couple more. They will add new-car volume and give Pattison a pipeline for used cars that could be sold in Canada.

The Pattison group has less control over its dealings with automakers, and its frustration is evident. Connors mirrors the widespread unhappiness with manufacturer-controlled advertising associations, consumer rebates and automakers' side deals with daily rental companies that put nearly new cars onto the market at bargain prices.

A sustained slump might spur dealers to stop ordering new cars altogether, he says.

"We'll go stand in line at the auction and buy the cars 30 to 40 percent cheaper," he says. "There's going to be some blood spilled."

However, Gary Cowell, first vice president of the Federation of Automobile Dealers Associations of Canada, calls such a boycott unrealistic. Cowell of Cowell Volkswagen in Richmond, British Columbia, doubts that enough dealers would join for it to be effective.

Connors wants to re-establish the arms-length relationship between dealers and automakers.

"Give us the best car you can at the best possible price, then get out of our hair," he says.

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Washington

Pohanka wears the mantle of dealer statesman

By Jayne O'Donnell
SPECIAL CORRESPONDENT

He has the statesmanlike stature of an aging ambassador or the senior senator from South Carolina — a tall, lean, graying eminence who would seem more at home waxing eloquent on the wrongs of war than the right way to treat a car customer.

But in a city where everyone from junior congressional aides to political talk-show hosts have a part in running the country, John J. Pohanka has resisted the pull of power and decided to stick to what he does best — selling cars.

John J. Pohanka

Acura, Chevrolet, GMC, Honda, Hyundai, Oldsmobile, Saturn, Suzuki

In the 42 years he's been in the business, however, he has come close to succumbing to the Potomac fever that has stricken even the most far-away of farmers.

Big-wheel Washington customers frequently mention the possibility of foreign service to Pohanka. When President Reagan took office, Pohanka's name was even being bandied about for a top post at the Transportation Department. But a position never materialized, and Pohanka now says with believable conviction that it's just as well.

"I graduated from Princeton and traveled in circles with people who did a lot more than sell cars," says the 63-year-old chairman of the Pohanka Automotive Group in Marlow Heights, Md. The group has eight franchises and seven stores.

"I knew there had to be a lot more to life than making money, but I thought I could do more good working for dealers than trying the solve the world's problems."

WASHINGTON, D.C.

7-1-88 Population: 3,734,200

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	208,608	229,553
Light trucks........	71,026	76,670
TOTAL	279,634	306,223

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Honda Accord	13,697	Honda Accord	11,923
Toyota Camry	9,813	Toyota Camry	8,416
Honda Civic	9,623	Honda Civic	8,301
Ford Taurus	7,804	Ford Taurus	7,873
Toyota Corolla	6,643	Ford Escort	7,819

Pohanka has done his part to help the dealer community. In 1976, he served as president of the National Automobile Dealers Association, and he continues to be active in the association's Project 2000. He also helped found the National Institute for Automotive Service Excellence and was the first chairman of the National Automotive Technicians Education Foundation.

Among Pohanka's principal areas of concern in business are the shortage of qualified technicians and the much-maligned image of the automobile dealer. Improvements in dealer image, he notes, "are not going to be achieved through public relations." Dealers must make a concerted effort to do business in a professional manner, he says.

Pohanka has a rather novel solution for dealing with another of his business worries — the highs and lows of income for sales personnel. He laments that his employees, unlike his business, were not prepared when lean times arrived.

So, he says, "the next time a boom time comes around, I'm going to offer — on a volunteer basis — a delayed compensation program. I wish I had thought of this four years ago."

During his years of industry politicking, Pohanka was careful to keep strict controls on expenses and management. His efforts have served him well during these rough recessionary times. He says he's always tried to run a "tight ship," although he seems to place more importance on promoting from within.

His son, Geoff, has risen through the company to become the fixed operations manager for all the dealerships, as well as the dealer-principal at four stores. He will be the Saturn dealer when that outlet opens. Pohanka also has three nephews working in management in the automotive group.

Pohanka's rewards are evident in his results. New-car sales for 1990 were up 5 percent over 1989, and increased import sales compensated for a downturn in domestic deliveries. Net profits increased 25 percent.

Pohanka has Oldsmobile, Honda, Hyundai, Chevrolet, Acura, Suzuki, GMC and soon-to-be Saturn franchises.

His in-house customer satisfaction index department contacts every car and service customer, and each employee is ranked and rewarded based on those findings. "Taking care of the customer has always been our No. 1 job," says Pohanka.

He has not allowed what he calls "non-productive personnel numbers" to get out of control. As a result, he has not had the high numbers of layoffs that many of his dealer colleagues have had. Like most Washington-area dealers, the Pohanka Automotive Group has reduced advertising expenses and car inventories.

"There's an old saying that overhead walked in on two feet and out on two feet," says Pohanka, whose grandfather started the business in 1919.

Still, he sees some trying times ahead.

Gerry Murphy, president of the Automotive Trade Association, National Capital Area, is not given to hype — but he's also almost always the optimist. Not so in these tough times in the dealership industry, which supports the association his grandfather founded.

"The car business in Washington is not good, and it hasn't been for at least a year and a half," says Murphy. "Washington was always about 5 percent better than the rest of the country until 1989, and then the Washington economy wasn't as sound as the nation's."

Murphy notes that only one Washington-area dealership, Anton Motors, has filed for bankruptcy in the last year, and he says that had little to do with outside economic influences.

Says Pohanka, "The seeds of failure are sown when times are good, and dealers who have allowed expenses to get out of hand or who have failed to develop all their profit centers will have a tough time of it." He adds that single-line dealers and others who have expanded without the needed depth of financial and people resources will be hard-pressed to make it in the business.

But as Pohanka's emphasis on CSI shows, there is far more to making it in the Washington-area dealership business than financial acumen. The personable Pohanka, who as a 33-year-old nearly got out of the business and sold his valuable chunk of real estate, now drives one of his neighbors' cars for the 32-mile commute to his dealership properties in Marlow Heights about two days a week for service.

"I sleep with the classes and do business with the masses," he says.

Wichita

Not the biggest, not the richest, but Lesline is content

By Bob Cox
SPECIAL CORRESPONDENT

Walt Lesline is not the largest automobile dealer in Wichita, Kan., and, he claims, certainly not the richest.

Indeed, he says his "only claim to fame is I survived for 16 years."

WICHITA, KAN.

7-1-88 Population: 483,100

REGISTRATIONS, MODEL YEAR

	1990	1989
Cars	13,421	14,206
Light trucks........	8,701	8,837
TOTAL	22,122	23,043

TOP 5 MODELS, MODEL YEAR

1990	No.	1989	No.
Chev. C1500	631	Ford Escort	711
Honda Accord	617	Chev. S10	704
Ford Escort	610	Ford F150	696
Chev. S10	606	Ford Taurus	661
Ford F150	589	Pont. GrndAm	632

As 1991 began, Lesline, 61, was taking steps to make sure he'll survive for a few more years.

Just last summer, Lesline, owner and president of Plaza Buick Inc., opened a $2.5 million dealership and showroom on Wichita's east side. Like many another dealers, he was following the traffic out of downtown to the faster growing suburbs.

Initially, he planned to maintain his facilities near downtown Wichita. But in December, he decided to throw in the towel on the downtown operation.

"It was just eating us up," he says. "You asked me why I decided to expand. Well, now, I realize I probably shouldn't have."

Two events made Lesline reconsider his decision to maintain two sales outlets. The first was Iraq's invasion of Kuwait, and the resulting run up in gasoline prices; the second is the existing economic uncertainties that were made worse by the crisis in the Persian Gulf.

Walt Lesline

Buick

Lesline embarked on the expansion two years ago, after years of watching the business dwindle downtown.

In the late 1970s, he sold as many as 1,800 new cars a year, compared to 550-600 in recent years. In 1978, what was then Robinson-Lesline Buick was one of the top 60 Buick dealerships in the nation.

But the 1980s brought one economic crisis after another to the Wichita area, compounding the typical urban problems of suburbanization and a declining downtown area. So a few years back Lesline began to give serious consideration to following the people out of downtown.

"A lot of businesses that employed a lot of people have left downtown," he says. "There's nothing downtown to draw traffic at night."

In the seven months since the new location opened, it has shown a gradual increase in business.

"That's when I began to see that we were our own biggest competitor," Lesline says, adding that the five or six miles between the two outlets was not enough for both to prosper.

And as the months went by, the accounting began to tell the true tale. There was only a marginal improvement in total revenue, from both sales and service, over the downtown location alone.

With a new showroom and service facility, there was no question about what to do.

"You have to go where the traffic is," Lesline says. "My only error was that I probably waited five years too long."

Lesline's gross sales, which have been as high as $30 million a year, topped $25 million in 1990.

Business was slower in the second half of 1990 than he anticipated, largely because of uncertainties brought about by the Persian Gulf crisis and political wrangling over the federal budget. But he looks for improvement in 1991.

"I think it's going to start off a little slow, but I think it will end up all right," he says.

The outlook for the Wichita and south-central Kansas economy is generally upbeat, local economists say, barring a deep and prolonged national recession or worse.

The city's business aircraft manufacturers are, for the most part, enjoying steady to expanding business, and they predict that they will be adding to their work forces in 1991. Demand for airliners continues to buoy the local operations of Boeing Co., and local oil producers are enjoying the price fallout from events in the Middle East.

Lesline has 40 years' experience in the automobile business. He started as a salesman in Yates Center, Kan., in 1950.

Yates Center was so small that "if someone walked into the showroom and I didn't know their name, I knew they were from out of town," he says.

In 1965, he moved to Wichita as a salesman for Ben Robinson Buick. He became used-car sales manager and finally general manager. He became a partner in the dealership in 1974 and sole owner in the early 1980s.

The years and the business have been good to Lesline.

"I haven't made a lot of money, and I haven't any desire to make a lot of money," he says.

"I want to be the most honest car dealer in Wichita, not the biggest. I want somebody to know that if I look them in the eye and tell them something, that's the way it is."

His goal is to create customer satisfaction and loyalty. "I can't make every customer happy, but I try."

Lesline said his surveys of customers have shown that 90 to 94 percent have been satisfied with the service and attention they have received.

"When you're in a service industry, you should strive for more, but it's good to get 94 percent," he says.

The automobile business will continue to get more competitive, he says, with thin profit margins on sales of new cars. That means paying more attention to used-car sales and, especially, the service business.

"I think that the dealer who survives is going to do it on customer satisfaction."

A pilot for more than 40 years, Lesline owns his own single-engine Beechcraft Bonanza — a product of Wichita's biggest industry — and flies to many meetings and car auctions. He says there are parallels between the aircraft business and automobiles.

"We see a lot of airplanes that are 20 and 30 years old because they're well maintained," he says. "We're going to see that in the future in the car business."

If his health holds, he hopes to be greeting potential customers 10 years from now. A diabetic, Lesline watches his diet and walks three to five miles a day, except when the fickle Kansas weather coats the streets and sidewalks with ice.

"The farthest thing from my mind is wanting to retire," he says.

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FORD: *Company leads industry with 245 black dealers, but progress gets tougher as business declines*

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. acknowledged its need to help minorities in business in 1967, after Detroit was ravaged by a race riot. Henry Ford II led the company to establish affirmative action directives, including appointing minority dealers.

Now, Ford is the clear leader in minority dealer development. With 245 black dealers at the end of 1990, it had more than General Motors and Chrysler Corp. combined.

The company began a minority dealer placement program in 1968 and a training program in 1971.

But black dealers were usually placed in inner-city stores that white dealers didn't want, according to Ford officials and black Ford dealers. The turnover was high, and by the late 1970s, Ford was forced to find other locations.

Ford's black dealers were hit hard by the Iran oil embargo in the late 1970s. In 1980, Ford's 19 surviving black dealers formed the Black Ford Lincoln Mercury Dealers Association.

Ford's black dealer body was not growing as fast as the association wished. and it brought in civil rights activist Jesse Jackson in 1982 to meet with Ford brass.

Ford agreed to increase the number of black employees, suppliers and dealers. Within the year, Ford nearly doubled its black dealer total to 56.

In 1984, Philip E. Benton Jr., now Ford president and then vice president of Sales Operations, set a goal of 320 black Ford and L-M dealers by the end of 1989.

Bernard "Rusty" Restuccia, head of Ford's dealer development program, said Ford prefers to have candidates with auto-related business experience, although other business/entrepreneurial experience helps.

Secondly, dealers must have access to $100,000 in unencumbered cash. Ford must also determine that the individual has what Restuccia calls "street smarts," or entrepreneurial skills.

In the current minority dealer training class, Ford accepted 20 people from among 125 applicants.

The training runs for 24 to 36 months. Ford pays each trainee $3,500 per month.

After a two-week introduction, the participant is sent to a "mentor" dealership, usually a successful minority dealership, to train in parts, service, new vehicles, used vehicles, business office and general management. The trainee receives classroom training in Dearborn and takes tests after each stint in the dealership.

But not everyone gets a dealership. Until 1989, Ford placed 97 percent of its candidates. The other 3 percent either dropped out, decided to work as dealership managers or pursue other careers.

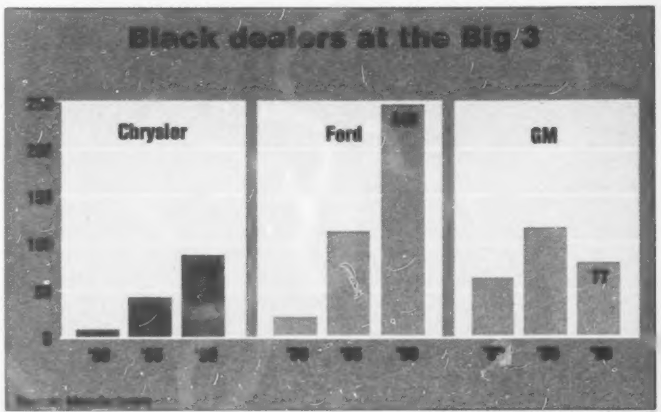
Out of a most recent class of 26 dealer candidates, only 14 purchased stores. Ford is attempting to help the other 12 graduates find dealership management positions.

When a candidate has selected a store, Ford suggests that he or she put up 20 percent of the purchase price, though Restuccia said Ford may allow dealers to go as low as 12.5 percent. Ford acquires the store from the old owner and sets up an investment partnership.

Take a store sold for $500,000. The dealer candidate puts in 20 percent, or $100,000, which goes into common stock. Ford pays the remaining $400,000, half as a loan and half as preferred stock.

"That individual will retire our preferred stock with the profits," Restuccia says.

Restuccia says the typical buyout in good times is six to seven years. In the current downturn, Ford expects the buyout period to take "substantially" longer.



AUTOMOTIVE NEWS / DAVID L. BURHANS

Minority dealer total falls; GM plans 40% increase by '93

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

General Motors is revamping its minority dealer program in an effort to increase its number of minority dealers by 40 percent by the end of 1993.

Unlike Ford Motor Co. and Chrysler Corp., GM's black dealer total has shrunk — from 114 in 1986 to 77 now. Most of GM's 176 minority dealers are not black.

Joseph Vasquez, general director of GM's Minority Dealer Development Department, blames the economy and a competitive marketplace, which he says makes it harder for minority dealers.

Many minority dealers, however, say red tape and lack of communication with GM make it almost impossible to address unique problems that minorities face during the current sales downturn.

The new GM Minority Dealer Steering Committee, comprising GM officials and two minority dealers, will study the types of candidates that GM trains at its Dealer Development Academy and the viability of locations that GM offers to minorities.

GM will not convene a new class at the academy in Troy, Mich., until the committee's work is done later this year.

In 1988, GM began a "Fast Start" program that allows minority dealers to get into a store for up to a year and leave with their investment intact if the dealer feels he cannot survive at that location. GM spokesman Harold Jackson said some dealers have abandoned dealerships after the year-long period; he declined to say how many.

GM started its minority training program in 1972. Since the program commenced, 223 candidates have been accepted.

Class sizes generally range from 15 to 18 and run for 12 months. Candidates receive a $3,000 monthly stipend, use of a car, all meals and lodging plus medical care. Instruction alternates three-week periods of classroom training and on-the-job training with dealers across the country.

Since the program began, the academy has graduated 223 students; 112 of them have been appointed dealers, and 47 of the 112 had stores at the end of 1990.

Candidates need $85,000 in unemcumbered cash to qualify. Vasquez says most of of the candidates have an average of $115,000 to invest.

GM doesn't own any dealerships, so when a candidate is appointed a dealer, the company generally finds a store for sale and goes into partnership with the minority dealer, who generally needs 15 percent of the purchase price.

There are complaints that many minority-owned GM dealerships fail because of the sites they are offered. They say the stores often are in depressed, urban areas.

Vasquez acknowledges that minority dealers may not get the best locations but says it's partly due to their lack of finances.

"We're not stupid," Vasquez said, stressing that GM would not put its money into property that the company thought would fail. He also admits that GM needs a better plan needs to ensure success of the company's minority dealers.

The company has agreed to begin a pilot program in Houston, Detroit and Chicago to determine how urban stores can be better marketed.

Charles Harrell, president of the GM Minority Dealers Association, has presented the company with a list of suggestions to enhance the profitability of minority dealers.

They include:

- Audits of all existing minority dealerships by an outside concern to ascertain their viability.
- A subsidized rent program when rent is out of line with rent per unit of planning volume.
- More dualing opportunities, since the majority of the minority dealers have single points.
- More minority employees in strategic positions within the dealer development department.

CHRYSLER: *Recruiters look at entrepreneurs, and black dealers increase 10-fold*

By Arlena Sawyers
AUTOMOTIVE NEWS STAFF REPORTER

Early in the 1980s, Chrysler Corp. stepped up its recruiting of black dealers, and in a decade increased its numbers more than ten-fold.

In 1980 only seven black people owned Chrysler dealerships. When 1990 ended, Chrysler had 86 black dealers.

Chrysler believes the catalyst for the increase is its Chrysler Corp. Dealer Development Program.

Established in 1983, the program trains minorities and women to become automobile dealers. Cecil M. Ward, manager of Chrysler's retail dealer development program, is charged with recruiting minority dealer-candidates.

About 15 percent of the training is classroom study at Chrysler's Marketing Institute in Highland Park, Mich., says Ward. The rest is training at a Chrysler dealership.

The program covers every aspect of dealership operation, says Ward — "from the lot boy to actually running a dealership."

Chrysler recruiters canvass functions sponsored by such organizations as the National Association for the Advancement of Colored People and the Urban League. Ward says ideal candidates have strong retail management or dealership management experience, plus some capital.

In 1989, Chrysler signed a "fair share" agreement with the NAACP, meaning that Chrysler has accepted a corporate social responsibility to include black employees, suppliers and dealers within its operation.

Candidates must have $65,000 in unencumbered capital or at least 12½ percent of the total investment. The program allows dealers to buy out Chrysler, usually over five years.

The program has been a learning experience for Chrysler as well as its dealers. In the beginning, Chrysler tapped black people from the corporate sector for its dealer training program. But many of those, who had been used to a guaranteed salary, had trouble coping with the uncertainties of owning a business.

Chrysler now sets its sights on more entrepreneurial types.

Ed Fitzpatrick, 48, is a risk-taker. After a short stint as a school teacher and a career with Chrysler, he became owner of Puget Sound Chrysler-Plymouth-Alfa Romeo in Renton, Wash., a suburb of Seattle.

That was five years ago. He said he's been through the ups and downs of owning a business. But fortunately, the ups have outweighed the downs. He expects to buy out Chrysler this year.

"After a year I wondered why I got into this," he said jokingly. "My store is a good store. I knew Seattle had a good climate. This is my foundation. It is a springboard for my sons."

At one time, Chrysler and other manufacturers usually placed black dealers in points in "black neighborhoods" — often economically depressed.

Neighbors typically lacked the means to buy a car, and people who lived elsewhere did not journey into depressed areas to buy.

Consequently, many of those dealerships withered and died.

Now Chrysler will not put any dealer, black or not, in a store where a he or she cannot sell at least 500 units annually.

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LIGHT-TRUCK MARKET SHARES

(Domestic and import)

	January Sales	Pct. of Total
C pickup	68,326	25.33
FS pickup	62,796	23.28
Minivan	56,861	21.08
FS van	16,782	6.22
C sport-utility	56,545	20.96
FS sport-utility	8,449	3.13
TOTAL	269,759	100.00

C = Compact, FS = Full-sized

LIGHT-DUTY TRUCK SALES, JANUARY

	Jan. 1991	Jan. 1990
Vans	6,578	11,523
Aerostar	8,336	15,613
Club Wagon	1,124	1,864
Ranger	17,720	23,796
Bronco	1,925	4,993
Bronco II/ Explorer	16,621	8,011
Pickups	24,229	45,106
Ford	**76,533**	**110,906**
Vans	4,595	7,932
Sportsvan	370	591
Geo Tracker	2,226	2,484
Astro	6,653	11,253
Lumina APV	2,938	3,472
S-10	13,959	16,221
S-10 Blazer	10,379	12,221
Blazer	648	1,702
Suburban	2,704	4,102
Pickups	25,911	40,300
Chevrolet	**70,383**	**100,278**
Pontiac		
Trans Sport	**1,341**	**1,938**
Olds Silhouette	**1,565**	**1,348**
Vans	2,038	3,844
Ram Wagon	563	1,359
Voyager	11,127	29,847
Caravan	14,509	33,376
Caravan C/V	523	998
Town & Country	217	510
Ram 50	426	1,380
Raider	0	317
Ramcharger	552	1,054
Dakota	5,326	6,701
Pickups	5,398	7,365
Chrysler	**40,679**	**86,751**
Vans	1,514	2,488
Safari	1,905	2,847
S-15/Sonoma	2,975	3,787
S-15 Jimmy	2,264	3,145
Jimmy	224	483
Suburban	993	1,882
Pickups	6,987	11,706
P Model	133	197
W-4	138	79
GMC	**17,133**	**26,614**
Wrangler	2,876	2,905
Cherokee/ Briarwood	9,381	13,032
Grand Wagoneer	513	672
Comanche	514	1,373
Jeep	**13,284**	**18,417**
Daihatsu	**263**	**253**
Pickup*	2,080	2,200
Amigo	493	620
Trooper	2,031	3,939
Rodeo*	1,183	0
Isuzu	**5,787**	**6,759**
Pickup	3,737	5,550
MPV	3,968	3,129
Navajo	895	0
Mazda	**8,600**	**8,679**
Pickup	1,799	3,260
Montero	829	1,476
Van	24	90
Mitsubishi	**2,652**	**4,826**
Pickup*	8,607	5,879
Pathfinder	2,651	1,971
Axxess	134	751
Van	2	4
Hawaii	244	138
Nissan	**11,638**	**8,743**
Range Rover	**210**	**367**
Samurai	414	410
Sidekick*	772	963
Suzuki	**1,186**	**1,373**
Pickups	10,939	13,332
Previa	3,298	836
4 Runner	3,267	4,302
Land Cruiser	680	451
Van	0	141
Toyota	**18,184**	**19,062**
Volkswagen	**321**	**450**
Imports	**48,841**	**50,512**
Industry Total	**269,759**	**396,764**

*Includes domestic vehicles

Sales charts compiled by Karen Dotkowski

SALES

FROM PAGE 3

tack on Iraq certainly had an impact on sales. He said foreign makes were hurt by Big 3 discounting, and Japanese and German makes suffered because of their "lackluster support for the Persian Gulf war."

Domestic new-car sales table, Page 132

Infiniti and Isuzu were the only Japanese imports to report sales increases; none of the German makes performed better than they did during January last year.

Ford Motor really took a tumble. Every nameplate nosedived, and its domestic-car sales fell 33.18 percent.

Chevrolet Division outsold Ford Division by 5,599 units to top the car sales chart for the month. Chevrolet sold 82,286 cars in January, compared to Ford's 76,687. In January 1990, Ford led Chevrolet by 1,620 deliveries.

Ford Division continued as the leader in total vehicle sales, delivering 153,220 cars and light trucks, 551 more than Chevrolet. In January last year, Ford was 12,248 vehicles ahead of Chevrolet.

General Motors didn't get much performance from any of its car divisions; sales fell 21.84 percent. Each GM division reported lower sales, led by Pontiac with a 35.6 percent decrease. For the month, Pontiac was the No. 6 car seller, down from No. 4 last January. Pontiac lost its No. 4 ranking to its sister division Buick.

Chrysler Corp.'s total car sales were down 15.33 percent, and Chrysler was the only Big 3 maker to get a sales increase from one of its divisions. Led by higher sales of its Monaco, Spirit and Dynasty lines, Dodge was up 0.5 percent.

In combined sales of cars and light trucks — import and domestic — the Toyota nameplate outsold Dodge by 89 units, and Toyota was third behind Ford and Chevrolet in total vehicles sold for the month. Last January, Dodge was third and was 17,048 cars and trucks ahead of Toyota.

Transplants American Honda Motor Co. Inc. and Toyota Motor Sales U.S.A. Inc. also took a plunge. Honda's sales of U.S. cars dwindled 30.4 percent, and Toyota's fell 25.7 percent. Their sales of imported cars also dipped; Honda was down 13 percent, and Toyota was off 7.5 percent.

DOMESTIC CAR MARKET SHARES

	January Sales	Pct. of Total
Subcompact	72,150	17.33
Compact	95,343	22.88
Intermediate	162,023	38.88
Standard	42,735	10.26
Specialty	1,512	0.36
Luxury	42,881	10.29
TOTAL	416,644	100.00

IMPORTED CAR SALES, JANUARY

	Jan. 1991	Jan. 1990
Acura	9,141	10,087
Alfa Romeo	252	109
Aston Martin*	5	5
Audi	843	1,283
BMW	2,548	4,919
Chevrolet/Geo	5,523	14,601
Chrysler	73	944
Daihatsu	448	1,402
Dodge	2,683	1,717
Eagle	603	1,199
Ferrari*	80	80
Ford	2,616	5,985
Honda	13,807	15,871
Hyundai	7,509	11,883
Infiniti	1,862	1,071
Isuzu	455	208
Jaguar	511	1,523
Lamborghini*	13	13
Lexus	3,128	4,135
Lotus*	27	27
Maserati*	20	20
Mazda	10,423	13,524
Mercedes-Benz	3,378	4,654
Mercury	4,455	2,503
Mitsubishi	4,949	15,700
Nissan	15,245	26,560
Peugeot	345	336
Plymouth	1,045	1,740
Pontiac	2,289	1,407
Porsche	242	695
Rolls/Bentley*	100	100
Saab	1,025	1,967
Sterling	205	505
Subaru	4,282	6,528
Suzuki	391	615
Toyota	25,257	27,316
Volkswagen	6,410	7,868
Volvo	5,256	8,834
Yugo	370	879
TOTAL	**137,814**	**198,813**

*Estimate

U.S. CAR SALES BY MARKETING UNITS

(Domestic totals include captive imports. Import totals include transplants and all corporate divisions.)

	Jan. 1991	Jan. 1990	Percent Share
Alfa Romeo	252	109	0.0
Aston Martin*	5	5	0.0
Am. Honda	45,375	58,199	8.2
BMW	2,548	4,919	0.5
Buick	38,470	44,065	6.9
Cadillac	18,514	20,950	3.3
Chevrolet	82,286	112,314	14.8
Chrysler	9,597	15,789	1.7
Daihatsu	448	1,402	0.1
Dodge	31,016	29,907	5.6
Eagle	3,551	5,358	0.6
Ferrari*	80	80	0.0
Ford	76,687	113,934	13.8
Hyundai	7,509	11,883	1.4
Isuzu	455	208	0.1
Jaguar	511	1,523	0.1
Lamborghini*	13	13	0.0
Lincoln	12,555	17,805	2.3
Lotus*	27	27	0.0
Maserati*	20	20	0.0
Mazda	15,904	17,920	2.9
Mercedes	3,378	4,654	0.6
Mercury	22,923	34,025	4.1
Mitsubishi	9,435	21,846	1.7
Nissan Motor	24,705	32,829	4.5
Oldsmobile	28,734	38,880	5.2
Peugeot	345	336	0.1
Plymouth	17,806	22,536	3.2
Pontiac	32,499	48,282	5.9
Porsche	242	695	0.0
Rolls/Bentley*	100	100	0.0
Saab	1,025	1,967	0.2
Saturn	1,520	0	0.3
Sterling	205	505	0.0
Subaru	7,064	6,578	1.3
Suzuki	391	615	0.1
Toyota Motor	45,384	54,326	8.2
Volvo	5,256	8,834	0.9
VWoA	7,253	9,151	1.3
Yugo	370	879	0.1
TOTAL	**554,458**	**743,468**	**100.0**
GM	**202,023**	**264,491**	**36.2**
FORD	**112,165**	**165,764**	**20.2**
CHRYSLER	**61,970**	**73,590**	**11.2**
JAPANESE	**149,161**	**193,923**	**26.9**
EUROPEAN	**21,630**	**33,817**	**3.9**
KOREAN	**7,509**	**11,883**	**1.4**

*Estimate

U.S. CAR AND LIGHT-TRUCK SALES, JANUARY — 1991 vs. 1990 (ranked by car and light-truck total sales)

Make	Car Sales 1991	Car Sales 1990	1991 Share	1990 Share	Truck Sales 1991	Truck Sales 1990	1991 Share	1990 Share	Car & Truck Totals 1991	Car & Truck Totals 1990	% Share of Total Car & Truck Market 1991	% Share of Total Car & Truck Market 1990	Changes Share (Points)	Changes Sales (Percent)
Ford	76,687	113,934	13.8	15.3	76,533	110,906	28.4	28.0	153,220	224,840	18.6	19.7	−1.1	−31.9
Chevrolet/Geo	82,286	112,314	14.8	15.1	70,383	100,278	26.1	25.3	152,669	212,592	18.5	18.6	−0.1	−28.2
Toyota	42,256	50,191	7.6	6.8	18,184	19,062	6.7	4.8	60,440	69,253	7.3	6.1	1.3	−12.7
Dodge	31,016	29,907	5.6	4.0	29,335	56,394	10.9	14.2	60,351	86,301	7.3	7.6	−0.2	−30.1
Buick	38,470	44,065	6.9	5.9	—	—	—	—	38,470	44,065	4.7	3.9	0.8	−12.7
Honda	36,234	48,112	6.5	6.5	—	—	—	—	36,234	48,112	4.4	4.2	0.2	−24.7
Nissan	22,843	31,758	4.1	4.3	11,638	8,743	4.3	2.2	34,481	40,501	4.2	3.6	0.6	−14.9
Pontiac	32,499	48,282	5.9	6.5	1,341	1,938	0.5	0.5	33,840	50,220	4.1	4.4	−0.3	−32.6
Oldsmobile	28,734	38,880	5.2	5.2	1,565	1,348	0.6	0.3	30,299	40,228	3.7	3.5	0.1	−24.7
Plymouth	17,806	22,536	3.2	3.0	11,127	29,847	4.1	7.5	28,993	52,383	3.5	4.6	−1.1	−44.8
Mazda	15,904	17,920	2.9	2.4	8,600	8,679	3.2	2.2	24,504	26,599	3.0	2.3	0.6	− 7.9
Mercury	22,923	34,025	4.1	4.6	—	—	—	—	22,923	34,025	2.8	3.0	−0.2	−32.6
Cadillac	18,514	20,950	3.3	2.8	—	—	—	—	18,514	20,950	2.2	1.8	0.4	−11.6
GMC	—	—	0.0	0.0	17,133	26,614	6.4	6.7	17,133	26,614	2.1	2.3	−0.3	−35.6
Jeep	—	—	0.0	0.0	13,284	18,417	4.9	4.6	13,284	18,417	1.6	1.6	0.0	−27.9
Lincoln	12,555	17,805	2.3	2.4	—	—	—	—	12,555	17,805	1.5	1.6	0.0	−29.5
Mitsubishi	9,435	21,846	1.7	2.9	2,652	4,826	1.0	1.2	12,087	26,672	1.5	2.3	−0.9	−54.7
Chrysler	9,597	15,789	1.7	2.1	217	510	0.1	0.1	9,814	16,299	1.2	1.4	−0.2	−39.8
Acura	9,141	10,087	1.6	1.4	—	—	—	—	9,141	10,087	1.1	0.9	0.2	− 9.4
Hyundai	7,509	11,883	1.4	1.6	—	—	—	—	7,509	11,883	0.9	1.0	−0.1	−36.8
Subaru	7,064	6,578	1.3	0.9	—	—	—	—	7,064	6,578	0.9	0.6	0.3	7.4
Volkswagen	6,410	7,868	1.2	1.1	321	450	0.1	0.1	6,731	8,318	0.8	0.7	0.1	−19.1
Isuzu	455	208	0.1	0.0	5,787	6,759	2.1	1.7	6,242	6,967	0.8	0.6	0.1	−10.4
Volvo	5,256	8,834	0.9	1.2	—	—	—	—	5,256	8,834	0.6	0.8	−0.1	−40.5
Eagle	3,551	5,358	0.6	0.7	—	—	—	—	3,551	5,358	0.4	0.5	0.0	−33.7
Mercedes-Benz	3,378	4,654	0.6	0.6	—	—	—	—	3,378	4,654	0.4	0.4	0.0	−27.4
Lexus	3,128	4,135	0.6	0.6	—	—	—	—	3,128	4,135	0.4	0.4	0.0	−24.4
BMW	2,548	4,919	0.5	0.7	—	—	—	—	2,548	4,919	0.3	0.4	−0.1	−48.2
Infiniti	1,862	1,071	0.3	0.1	—	—	—	—	1,862	1,071	0.2	0.1	0.1	73.9
Suzuki	391	615	0.1	0.1	1,186	1,373	0.4	0.3	1,577	1,988	0.2	0.2	0.0	−20.7
Saturn	1,520	—	0.3	0.0	—	—	—	—	1,520	—	0.2	0.0	0.2	—
Saab	1,025	1,967	0.2	0.3	—	—	—	—	1,025	1,967	0.1	0.2	0.0	−47.9
Audi	843	1,283	0.2	0.2	—	—	—	—	843	1,283	0.1	0.1	0.0	−34.3
Daihatsu	448	1,402	0.1	0.2	263	253	0.1	0.1	711	1,655	0.1	0.1	−0.1	−57.0
Jaguar	511	1,523	0.1	0.2	—	—	—	—	511	1,523	0.1	0.1	−0.1	−66.4
Yugo	370	879	0.1	0.1	—	—	—	—	370	879	0.0	0.1	0.0	−57.9
Peugeot	345	336	0.1	0.0	—	—	—	—	345	336	0.0	0.0	0.0	2.7
Alfa Romeo	252	109	0.0	0.0	—	—	—	—	252	109	0.0	0.0	0.0	131.2
Porsche	242	695	0.0	0.1	—	—	—	—	242	695	0.0	0.1	0.0	−65.2
Range Rover	—	—	0.0	0.0	210	367	0.1	0.1	210	367	0.0	0.0	0.0	−42.8
Sterling	205	505	0.0	0.1	—	—	—	—	205	505	0.0	0.0	0.0	−59.4
Rolls/Bentley*	100	100	0.0	0.0	—	—	—	—	100	100	0.0	0.0	0.0	0.0
Ferrari*	80	80	0.0	0.0	—	—	—	—	80	80	0.0	0.0	0.0	0.0
Lotus*	27	27	0.0	0.0	—	—	—	—	27	27	0.0	0.0	0.0	0.0
Maserati*	20	20	0.0	0.0	—	—	—	—	20	20	0.0	0.0	0.0	0.0
Lamborghini*	13	13	0.0	0.0	—	—	—	—	13	13	0.0	0.0	0.0	0.0
Aston Martin*	5	5	0.0	0.0	—	—	—	—	5	5	0.0	0.0	0.0	0.0
TOTAL	**554,458**	**743,468**	**100.0**	**100.0**	**269,759**	**396,764**	**100.0**	**100.0**	**824,217**	**1,140,232**	**100.0**	**100.0**	**0.0**	**−27.7**
TOTAL BIG 3	**376,158**	**503,845**	**67.8**	**67.8**	**220,918**	**346,252**	**81.9**	**87.3**	**597,076**	**850,097**	**72.4**	**74.6**	**−2.1**	**−29.8**
TOTAL JAPAN	**149,161**	**193,923**	**26.9**	**26.1**	**48,310**	**49,695**	**17.9**	**12.5**	**197,471**	**243,618**	**24.0**	**21.4**	**2.6**	**−18.9**
TOTAL EUROPE	**21,630**	**33,817**	**3.9**	**4.5**	**531**	**817**	**0.2**	**0.2**	**22,161**	**34,634**	**2.7**	**3.0**	**−0.3**	**−36.0**
GM	202,023	264,491	36.4	35.6	90,422	130,178	33.5	32.8	292,445	394,669	35.5	34.6	0.9	−25.9
Ford	112,165	165,764	20.2	22.3	76,533	110,906	28.4	28.0	188,698	276,670	22.9	24.3	−1.4	−31.8
Chrysler	61,970	73,590	11.2	9.9	53,963	105,168	20.0	26.5	115,933	178,758	14.1	15.7	−1.6	−35.1
Toyota/Lexus	45,384	54,326	8.2	7.3	18,184	19,062	6.7	4.8	63,568	73,388	7.7	6.4	1.3	−13.4
Honda/Acura	45,375	58,199	8.2	7.8	0	0	0.0	0.0	45,375	58,199	5.5	5.1	0.4	−22.0
Nissan/Infiniti	24,705	32,829	4.5	4.4	11,638	8,743	4.3	2.2	36,343	41,572	4.4	3.6	0.8	−12.6
Geo	18,922	22,871	3.4	4.1	2,226	2,484	0.8	0.6	21,218	25,355	2.6	2.2	0.0	−19.5
VW/Audi	7,253	9,151	1.3	1.2	321	450	0.1	0.1	7,574	9,601	0.9	0.8	0.1	−21.1

*Estimate

Excalibur charged with fraud

By Sally Garbo Wedde
SPECIAL CORRESPONDENT

MILWAUKEE — The district attorney's office filed two criminal charges against Excalibur Automobile Corp. for allegedly putting used seat tracks and motors in a 1989 Excalibur, changing the car's vehicle identification number to make it appear to be a 1990 model and selling it to a New Jersey dealership.

The charges of theft by fraud and fraudulently altering a vehicle identification number carry potential maximum fines of $30,000 for both Excalibur and its marketing arm, Excalibur Marketing Inc.

Production ended last June because of the neoclassic luxury car maker's financial problems.

The charges follow an investigation by the Department of Transportation that started Aug. 8 after it seized company records based on statements by former employees that the company put used parts in new cars and altered odometers.

The state is still investigating the company's conduct for possible licensing action, according to Eric Szatkowski, Department of Transportation investigator. The most extreme action the state could take would be to revoke current licenses or deny new ones.

Meanwhile, Judge James Shapiro in federal Bankruptcy Court in Milwaukee ordered the company's officers to sell the company by Feb. 19 to satisfy a debt of more than $2 million to First Wisconsin National Bank of Sheboygan, according to the judge's law clerk, Michael Hayes. After that date, the company would be liquidated under Chapter 7.

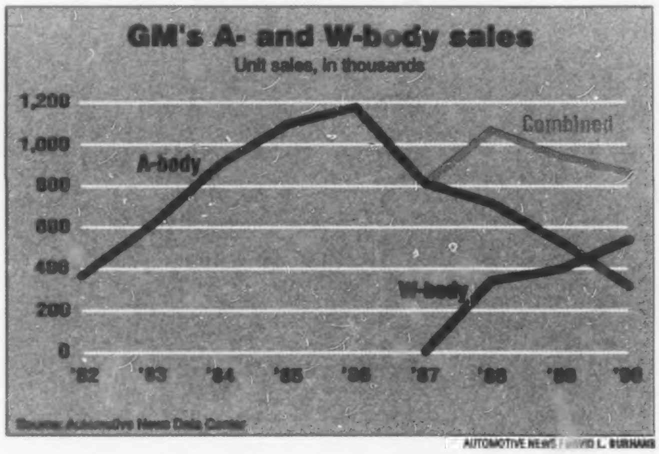
The company has been bankrupt under Chapter 11 reorganization since Sept. 25. At that time, Scott Dennison, who was then president but is no longer with the firm, said Excalibur had $4.7 million in assets and $3.9 million in debts.

Sale negotiations with J.E. Liss and Co. Inc., a Milwaukee financial consulting firm, have since fallen through, according to a spokeswoman for Excalibur Chairman Henry Warner. Warner owns 58 percent of the company.

The spokeswoman said talks with potential buyers continue.

GM CUTS

FROM PAGE 3



Source: Automotive News Data Center

AUTOMOTIVE NEWS / [illegible]VID L. BURHANS

was scheduled to lose the A-body cars anyway because it is scheduled to get the F-body replacements — Pontiac Firebird and Chevrolet Camaro — when those cars are redesigned.

The Mexico City plant builds the A-body cars alongside the J-body Chevrolet Cavalier. No other products have been scheduled for Oklahoma City or Mexico City.

Neither Oklahoma City nor Mexico City were among those GM considered when it took a third-quarter 1990 writeoff of $2 billion for facilities that have been closed or are likely to be closed.

Stempel said last week that "planned capital spending is being reduced by approximately $500 million per year to about $7 billion annually over the 1991-1994 period." But that figure actually is $500 million higher than the figure GM estimated in its 1989 annual report that it would spend in 1990.

Two weeks ago, a GM spokesman said GM's actual capital spending was about $7.5 billion in 1990, when Saturn Corp. finally came on-line, and that $7 billion per year was needed through 1994 to "make sure all the major programs continue in place." The A-body platform redesign is not considered a major program, sources said.

The 1991 to 1994 capital spending figure compares with $7.5 billion in 1989 and $5.6 billion in 1988. During the 1980s, GM spent $77 billion on worldwide capital projects, including eight new assembly plants and the modernization of 19 others. The height of the spending spree was in 1985 through 1987.

The GM board's decision to cut the dividend on its common stock from 75 cents per share to 40 cents per share signaled that the company intends for all of its constituencies to join in its cost restructuring, industry analysts said.

Some analysts said the dividend cut showed GM was accepting a worst-case economic scenario: that the Persian Gulf war and the recession at home would cause a long, deep downturn. GM did invoke the war and recession as partial reasons for the dividend cut, but not all analysts took the bait.

"The issue of the war is face-saving to General Motors," said Philip K. Fricke of Prudential-Bache Securities. "It allows them to do (without much debate) a thing they probably were going to do all along. So seize the moment, because in May the war may be over and recovery may be beginning. If they cut the dividend then, people might wonder why."

Other analysts said the announcement had nothing to do with the war or recession. They said the dividend cut and a long list of cost-saving measures announced by Stempel were long-term strategies for saving GM's North American operations, which have been losing money for years despite a host of new products.

But some pieces of Stempel's plan, including capital spending cuts and efforts to obtain price reductions from suppliers, have been in place for weeks and months, and some had been announced by other GM officials previously.

Financial analysts reacted positively to the GM board's dividend cutting, the first since 1980, and to Stempel's announcement that GM had taken fundamental steps to cut costs. But they admitted they were surprised the board didn't wait until the second quarter to cut the dividend.

HOW THE A-BODIES AND W-BODIES STACK UP

	W-body cars	A-body cars
Wheelbase	107 inches	105 inches
Curb weight	3,200 pounds	2,800 pounds
Width	71 inches	69-72 inches
Length	192-198 inches	190 inches

Meanwhile, the board raised the dividend on GM's Class E stock — based on the performance of the EDS subsidiary — from 14 cents per share to 16 cents per share.

The board left intact the 18 cents per share dividend on Class H stock, based on the performance of Hughes.

David Healy, an auto industry analyst with Barclays de Zoete Wedd Research, said there wouldn't be much fallout from the common-stock dividend cut.

"I don't honestly think that car buyers read the dividend columns in the *Wall Street Journal*," he said. "Are white-haired ladies going to go out and sell their GM stock? I doubt it."

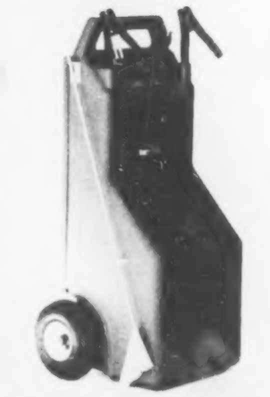
Maryann Keller, an analyst with Furman Selz Inc., said all the cuts taken as a whole "suggested a company that has recognized the complex nature of its non-competitive costs."

"The company made this announcement because the company is fundamentally unprofitable in North America," she said. "General Motors' problems are going to take a long, long time to cure, and that's what this press release was all about."

DOMESTIC CAR SALES, JANUARY

	Jan. 21, to Jan. 31, 1991	Same Period, 1990	Jan. 1991	Same Month, 1990	Jan. 1 to Dec. 31, 1991	Same Period, 1990
Summit	261*	0	386	0	386	0
Talon	1,197*	990	2,160	2,460	2,160	2,460
Premier	224*	836	402	1,699	402	1,699
Total Eagle	**1,681***	**1,826**	**2,948**	**4,159**	**2,948**	**4,159**
Horizon	37*	709	91	1,907	91	1,907
Laser	812*	1,941	1,799	4,190	1,799	4,190
Sundance	2,759*	1,665	3,340	5,155	3,340	5,155
Reliant	0	247	0	669	0	669
Acclaim	4,509*	3,579	11,531	8,875	11,531	8,875
Total Plymouth	**8,125***	**8,141**	**16,761**	**20,796**	**16,761**	**20,796**
LeBaron A	678*	81	1,481	121	1,481	121
LeBaron J	1,894*	2,105	1,938	5,502	1,938	5,502
LeBaron GTS	0	153	0	324	0	324
Fifth Avenue (rwd)	0	148	0	268	0	268
Fifth Avenue (fwd)	1,670*	1,569	3,343	3,831	3,343	3,831
Imperial	622*	505	1,242	1,199	1,242	1,199
New Yorker C	740*	1,676	1,520	3,600	1,520	3,600
Total Chrysler	**5,603***	**6,237**	**9,524**	**14,845**	**9,524**	**14,845**
Omni	50*	731	104	1,874	104	1,874
Shadow	3,139*	2,096	4,935	6,242	4,935	6,242
Monaco	193*	68	195	112	195	112
Daytona	693*	1,176	1,059	3,074	1,059	3,074
Aries	0	184	0	538	0	538
Lancer	0	231	0	326	0	326
Spirit	3,278*	3,434	10,732	7,140	10,732	7,140
Dynasty	5,245*	3,306	11,308	8,884	11,308	8,884
Total Dodge	**12,607***	**11,226**	**28,333**	**28,190**	**28,333**	**28,190**
CHRYSLER CORP.	**28,016***	**27,430**	**57,566**	**67,990**	**57,566**	**67,990**
Escort	8,839	9,417	20,446	22,987	20,446	22,987
Mustang	1,879	3,622	5,439	9,494	5,439	9,494
Tempo	6,310	7,050	13,507	20,255	13,507	20,255
Taurus	8,295	10,629	21,329	28,023	21,329	28,023
Thunderbird	1,619	3,356	4,505	8,697	4,505	8,697
Probe	1,746	3,990	3,557	9,551	3,557	9,551
Crown Victoria	1,551	3,436	5,288	8,942	5,288	8,942
Total Ford Div.	**30,239**	**41,500**	**74,071**	**107,949**	**74,071**	**107,949**
Topaz	1,490	2,663	3,936	7,260	3,936	7,260
Sable	2,612	3,527	5,852	8,527	5,852	8,527
Cougar	1,181	2,466	3,526	6,002	3,526	6,002
Grand Marquis	2,237	4,036	5,154	9,733	5,154	9,733
Total Mercury	**7,520**	**12,692**	**18,468**	**31,522**	**18,468**	**31,522**
Continental	1,304	2,833	3,637	5,593	3,637	5,593
Town Car	4,307	3,892	8,282	10,394	8,282	10,394
Mark VII	257	858	636	1,818	636	1,818
Total Lincoln	**5,868**	**7,583**	**12,555**	**17,805**	**12,555**	**17,805**
Total L-M Div.	**13,388**	**20,275**	**31,023**	**49,327**	**31,023**	**49,327**
FORD MOTOR CO.	**43,627**	**61,775**	**105,094**	**157,276**	**105,094**	**157,276**
Skyhawk	0	73	0	216	0	216
Roadmaster	15	0	15	0	15	0
Somerset/Skylark	4,657	4,187	9,245	8,619	9,245	8,619
Century	3,786	4,793	6,871	10,189	6,871	10,189
Regal	3,545	1,840	8,170	4,474	8,170	4,474
LeSabre	3,040	5,054	7,407	11,479	7,407	11,479
Reatta	160	221	323	377	323	377
Electra/Park Ave.	2,742	4,015	5,390	7,277	5,390	7,277
Riviera	572	616	1,049	1,434	1,049	1,434
Total Buick	**18,517**	**20,799**	**38,470**	**44,065**	**38,470**	**44,065**
Allante	51	111	156	314	156	314
Seville	327	988	3,321	2,125	3,321	2,125
DeVille	2,498	6,770	11,967	14,130	11,967	14,130
Brougham	446	1,147	2,058	2,615	2,058	2,615
Eldorado	336	720	1,012	1,766	1,012	1,766
Total Cadillac	**3,658**	**9,736**	**18,514**	**20,950**	**18,514**	**20,950**
Geo Metro	2,399	355	6,867	578	6,867	578
Geo Prizm/Nova	2,863	3,752	6,602	8,270	6,602	8,270
Cavalier	9,292	10,543	24,737	27,791	24,737	27,791
Camaro	1,027	2,234	2,833	5,715	2,833	5,715
Celebrity	67	766	3,647	1,853	3,647	1,853
Corsica/Beretta	5,135	9,871	8,374	22,462	8,374	22,462
Lumina	6,383	6,458	13,950	19,465	13,950	19,465
Caprice	3,231	4,415	8,720	10,102	8,720	10,102
Corvette	501	524	1,033	1,477	1,033	1,477
Total Chevrolet	**30,898**	**38,918**	**76,763**	**97,713**	**76,763**	**97,713**
Calais	2,016	2,621	4,999	6,370	4,999	6,370
Cutlass Ciera	2,46[illegible]	3,867	6,113	10,326	6,113	10,326
Cutlass Supreme	2,57[illegible]	3,125	6,013	9,487	6,013	9,487
88	2,719	3,383	7,337	8,235	7,337	8,235
98	1,571	1,448	3,770	3,550	3,770	3,550
Toronado	231	502	502	912	502	912
Total Oldsmobile	**11,581**	**14,946**	**28,734**	**38,880**	**28,734**	**38,880**
Sunbird	2,682	4,304	6,601	10,690	6,601	10,690
Firebird	479	1,298	1,655	3,138	1,655	3,138
Grand Am	5,257	5,624	10,383	16,060	10,383	16,060
Pontiac 6000	781	1,498	1,527	4,173	1,527	4,173
Grand Prix	2,832	2,596	6,078	6,923	6,078	6,923
Bonneville H	1,545	2,647	3,966	5,891	3,966	5,891
Total Pontiac	**13,576**	**17,967**	**30,210**	**46,875**	**30,210**	**46,875**
Total Saturn	**886**	**0**	**1,520**	**0**	**1,520**	**0**
GENERAL MOTORS	**79,116**	**102,366**	**194,211**	**248,483**	**194,211**	**248,483**
Civic	3,153	7,253	6,851	13,956	6,851	13,956
Accord	7,110	12,216	15,576	18,285	15,576	18,285
HONDA	**10,263**	**19,469**	**22,427**	**32,241**	**22,427**	**32,241**
MX-6	1,166	1,349	1,986	2,315	1,986	2,315
626	2,177	1,285	3,495	2,081	3,495	2,081
MAZDA	**3,343**	**2,634**	**5,481**	**4,396**	**5,481**	**4,396**
MITSUBISHI	**2,329**	**2,884**	**4,486**	**6,146**	**4,486**	**6,146**
NISSAN	**3,650**	**2,582**	**7,598**	**5,198**	**7,598**	**5,198**
Corolla	4,034	4,130	6,529	8,326	6,529	8,326
Camry	6,215	7,217	10,470	14,549	10,470	14,549
TOYOTA	**10,249**	**11,347**	**16,999**	**22,875**	**16,999**	**22,875**
SUBARU	**1,568**	**50**	**2,782**	**50**	**2,782**	**50**
DOMESTIC TOTAL	**182,161**	**230,407**	**416,644**	**544,655**	**416,644**	**544,655**
IMPORT TOTAL			**137,814**	**190,813**	**137,814**	**198,813**
INDUSTRY TOTAL			**554,458**	**743,468**	**554,458**	**743,468**

*Estimate



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AUCTION DATES

Chrysler Corp.

Feb. 12 — Columbus Fair Auto Auction Inc., Columbus, Ohio; Dallas Auto Auction Inc., Dallas; Clanton's Auto Auction Inc., Darlington, S.C.; Southern Auto Auction, East Windsor, Conn.; Southwest Auto Auction Inc., Chandler, Ariz.; and Portland Auto Auction, Portland, Ore.

Feb. 13 — Manheim Auto Auction, Manheim, Pa.; and Minneapolis Auto Auction Inc., Maple Grove, Minn.

Feb. 14 — Amarillo Auto Auction Inc., Amarillo, Texas; Northway Auto Exchange Inc., Clifton Park, N.Y.; Southern States Vehicle Auction of Atlanta Inc., Newnan, Ga.; Arena Auto Auction Inc., Bolingbrook, Ill.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Florida Auto Auction of Orlando, Ocoee, Fla.; Riverside Auto Auction, Riverside, Calif.; Ark-La-Tex Auto Auction Inc., Shreveport, La.; and Butler Auto Auction, Gibsonia, Pa.

Feb. 15 — St. Louis Auto Auction Inc., Bridgeton, Mo.

Feb. 19 — Fredericksburg Auto Auction Inc., Fredericksburg, Va.; Indianapolis Auto Auction Inc., Indianapolis; Utah Auto Auction Inc., West Bountiful, Utah; San Antonio Auto Auction, San Antonio; South Seattle Auto Auction Inc., Kent, Wash.; and Nashville Auto Auction Inc., Nashville, Tenn.

Feb. 20 — American Auto Auction, Walpole, Mass.; and Minneapolis Auto Auction Inc., Maple Grove, Minn.

Feb. 21 — Auto Dealers Exchange of Birmingham, Moody, Ala.; Aptco Auto Auction Inc., Taylor, Mich.; Greensboro Auto Auction Inc., Greensboro, N.C.; Hatfield Auto Auction, Hatfield, Pa.; Omaha Auto Auction, Omaha, Neb.; and Golden Gate Auto Auction Inc., Fremont, Calif.

Feb. 22 — Tri-State Auto Auction Inc., Cicero, N.Y.

Feb. 26 — Columbus Fair Auto Auction Inc., Bolingbrook, Ill.; Dallas Auto Auction Inc., Dallas; Clanton's Auto Auction Inc., Darlington, S.C.; Southern Auto Auction, East Windsor, Conn.; Southwest Auto Auction Inc., Chandler, Ariz.; and Portland Auto Auction, Portland, Ore.

Feb. 27 — Manheim Auto Auction, Manheim, Pa.; and Minneapolis Auto Auction Inc., Maple Grove, Minn.

Feb. 28 — Northway Auto Exchange Inc., Clifton Park, N.Y.; Southern States Vehicle Auction of Atlanta Inc., Newnan, Ga.; Arena Auto Auction Inc., Bolingbrook, Ill.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Florida Auto Auction of Orlando, Ocoee, Fla.; Riverside Auto Auction, Riverside, Calif.; Ark-La-Tex Auto Auction Inc., Shreveport, La.; Butler Auto Auction, Gibsonia, Pa.; and Big Sky Auto Auction Inc., Billings, Mont.

Ford Motor Co.

Feb. 12 — Greater Chicago Auto Auction, Chicago; Newburgh Auto Auction Inc., Newburgh, N.Y.; and South Seattle Auto Auction, Kent, Wash.

Feb. 13 — Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Fort Worth Auto Auction, Fort Worth, Texas; Mississippi Auto Auction, Hattiesburg, Miss.; Southern California Auto Auction, Fontana, Calif.; and Omaha Auto Auction Inc., Omaha, Neb.

Feb. 14 — Auto Auction of Billings, Billings, Mont.; Greensboro Auto Auction, Greensboro, N.C.; Manheim Auto Auction, Manheim, Pa.; Southwest Auto Auction, Chandler, Ariz.; Brasher's Sacramento Auto Auction, Rio Linda, Calif.; and St. Louis Auto Auction, Bridgeton, Mo.

Feb. 18 — Auto Dealers Exchange of Memphis, Memphis, Tenn.

Feb. 19 — Auto Dealers Exchange of Birmingham, Moody, Ala.; Harrisonburg Auto Auction, Harrisonburg, Va.; Texas Hobby Auto Auction, Houston; Bay Cities Auto Auction Inc., Hayward, Calif.; and Greater Tampa Bay Auto Auction, Tampa, Fla.

Feb. 20 — Northway Auto Auction, Clifton Park, N.Y.; Albuquerque Auto Auction, Albuquerque, N.M.; Concord Auto Auction, Acton, Mass.; Aptco Auto Auction, Taylor, Mich.; Indianapolis Auto Auction, Indianapolis; and Metro Auto Auction of Kansas City, Lee's Summit, Mo.

Feb. 21 — Ohio Auto Auction Inc., Grove City, Ohio; Denver Auto Auction, Aurora, Colo.; Minneapolis Auto Auction, Maple Grove, Minn.; Nashville Auto Auction, Nashville, Tenn.; and Skyline Auto Exchange, Fairfield, N.J.

Feb. 26 — Georgia Dealers Auto Auction, Atlanta, Greater Chicago Auto Auction, Chicago; Newburgh Auto Auction Inc., Newburgh, N.Y.; and South Seattle Auto Auction, Kent, Wash.

Feb. 27 — Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Fort Worth Auto Auction, Fort Worth, Texas; Mississippi Auto Auction, Hattiesburg, Miss.; Southern California Auto Auction, Fontana, Calif.; and Salt Lake Auto Auction, Salt Lake City

Feb. 28 — Greensboro Auto Auction, Greensboro, N.C.; Interstate Auto Auction, Mercer, Pa.; Southwest Auto Auction, Chandler, Ariz.; and St. Louis Auto Auction, Bridgeton, Mo.

General Motors

Feb. 12 — Auto Dealers Exchange of Birmingham, Moody, Ala.; Harrisonburg Auto Auction Inc., Harrisonburg, Va.; Metro Milwaukee Auto Auction, Caledonia, Wis.; National Auto Dealers Exchange, Bordentown, N.J.; Dealers Auto Auction of Oklahoma City, Oklahoma City; Florida Auto Auction of Orlando, Ocoee, Fla.; and San Antonio Auto Auction, San Antonio

Feb. 13 — Puget Sound Auto Auction, Auburn, Wash.; Indianapolis Auto Auction Inc., Indianapolis; Metro Auto Auction of Kansas City Inc., Lee's Summit, Mo.; Auto Dealers Exchange of Memphis, Memphis, Tenn; Minneapolis Northstar Auto Auction Inc., Shakopee, Minn.; Golden Gate Auto Auction, Fremont, Calif.; and Statesville Auto Auction, Statesville, N.C.

Feb. 14 — Mid Ark Auto Auction, North Little Rock, Ark.; Denver Auto Auction, Aurora, Colo.; Aptco Auto Auction, Taylor, Mich.; Big H Auto Auction, Houston; Nashville Auto Auction, Nashville, Tenn.; Butler Auto Auction, Evans City, Pa.; and State Line Auto Auction, Waverly, N.Y.

Feb. 19 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Dallas; Dothan Auto Auction, Dothan, Ala.; Fresno Auto Dealers Auction, Fresno, Calif.; Manheim Auto Auction, Manheim, Pa.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Feb. 20 — Albuquerque Auto Auction Inc., Albuquerque, N.M.; Atlanta Auto Auction, Red Oak, Ga.; Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Southern California Auto Auction, Fontana, Calif.; Mid-America Auto Auction, Louisville, Ky.; Mississippi Auto Auction, Hattiesburg, Miss.; and Omaha Auto Auction, Omaha, Neb.

Feb. 21 — Arena Auto Auction Inc., Bolingbrook, Ill.; Columbus Fair Auto Auction, Columbus, Ohio; Portland Auto Auction, Portland, Ore.; Ark-La-Tex Auto Auction Inc., Shreveport, La.; St. Louis Auto Auction, Bridgeton, Mo.; Dealers Auto Exchange of Tucson, Tucson, Ariz.; and Utah Auto Auction, West Bountiful, Utah

Feb. 26 — Auto Dealers Exchange of Birmingham, Moody, Ala.; Harrisonburg Auto Auction Inc., Harrisonburg, Va.; Metro Milwaukee Auto Auction, Caledonia, Wis.; National Auto Dealers Exchange, Bordentown, N.J.; Dealers Auto Auction of Oklahoma City, Oklahoma City; Florida Auto Auction of Orlando, Ocoee, Fla.; and San Antonio Auto Auction, San Antonio

Feb. 27 — Puget Sound Auto Auction, Auburn, Wash.; Indianapolis Auto Auction Inc., Indianapolis; Metro Auto Auction of Kansas City Inc., Lee's Summit, Mo.; Auto Dealers Exchange of Memphis, Memphis, Tenn.; Minneapolis Northstar Auto Auction Inc., Shakopee, Minn.; Golden Gate Auto Auction, Fremont, Calif.; and Statesville Auto Auction, Statesville, N.C.

Feb. 28 — Mid Ark Auto Auction, North Little Rock, Ark.; American Auto Auction, Boston; Denver Auto Auction, Aurora, Colo.; Aptco Auto Auction, Taylor, Mich.; Big H Auto Auction, Houston; Los Angeles Dealer Auto Auction, Rosemead, Calif.; Nashville Auto Auction, Nashville, Tenn.; Butler Auto Auction, Evans City, Pa.; and State Line Auto Auction, Waverly, N.Y.

Mitsubishi Motor Sales of America

Feb. 12 — Greensboro Auto Auction, Greensboro, N.C.; Minneapolis Northstar Auto Auction, Minneapolis; and Southwest Auto Auction, Phoenix

Feb. 14 — Dallas Auto Auction, Dallas; and Golden Gate Auto Auction, Fremont, Calif.

Feb. 19 — Florida Auto Auction, Orlando, Fla.; Greater Chicago Auto Auction, Chicago

Feb. 20 — Southern California Auto Auction, Fontana, Calif.

Feb. 21 — Denver Auto Auction, Denver

Feb. 26 — Texas Hobby Auto Auction, Houston; Ohio Auto Auction, Columbus, Ohio; and Puget Sound Auto Auction, Seattle

Feb. 28 — Atlanta Auto Auction, Red Oak, Ga.; and Baltimore-Washington Auto Auction, Baltimore

Nissan Motor Corp. in U.S.A.

Feb. 13 — Atlanta Auto Auction, Red Oak, Ga.

Feb. 14 — Greater Chicago Auto Auction, Chicago

Feb. 20 — Dealers Auto Auction, Grand Prairie, Texas

Feb. 21 — Manheim Auto Auction, Manheim, Pa.

Feb. 27 — Fredericksburg Auto Auction, Fredericksburg, Va.

Subaru of America

Feb. 13 — Southern Auto Auction, East Windsor, Conn.

Feb. 14 — Indianapolis Auto Auction, Indianapolis

Feb. 19 — Florida Auto Auction, Ocoee, Fla.

Feb. 20 — Utah Auto Auction, West Bountiful, Utah

Feb. 21 — Minneapolis Northstar Auto Auction, Shakopee, Minn.

Feb. 26 — Puget Sound Auto Auction, Auburn, Wash.

Feb. 27 — Bay Cities Auto Auction, Hayward, Calif.

Toyota Motor Sales U.S.A.

Feb. 12 — Southern Auto Auction, East Windsor, Conn.; Southern California Auto Auction, Fontana, Calif.; Georgia Dealers Auto Auction, Atlanta; and Gulf States Auto Auction, Mesquite, Texas

Feb. 14 — Baltimore-Washington Auto Exchange, Baltimore; and Denver Auto Auction, Denver

Feb. 19 — South Seattle Auto Auction, Kent, Wash.; Aptco Auto Auction, Taylor, Mich.; and Newburgh Auto Auction, Newburgh, N.Y.

Feb. 21 — Clanton's Auto Auction, Darlington, S.C.; and Greater Chicago Auto Auction, Chicago

Feb. 26 — Southern Auto Auction, East Windsor, Conn.; Southern California Auto Auction, Fontana, Calif.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Feb. 28 — Ohio Auto Auction, Grove City, Ohio; and Dallas Auto Auction, Grand Prairie, Texas

Volkswagen of America

Feb. 19 — Georgia Dealers Auto Auction, Atlanta, Ga.

Feb. 22 — Utah Auto Auction, West Bountiful, Utah

Feb. 26 — South Seattle Auto Auction, Kent, Wash.

Feb. 28 — Ohio Auto Auction, Grove City, Ohio

Volvo Cars of North America

Feb. 12 — West Palm Beach Auto Auction, West Palm Beach, Fla.

Feb. 13 — Atlanta Auto Auction, Atlanta

Feb. 14 — Golden Gate Auto Auction, Fremont, Calif.

Feb. 19 — American Auto Auction, Boston

Feb. 20 — Riverside Auto Auction, Riverside, Calif.; and Dealers Auto Auction of Dallas, Dallas

Feb. 26 — Arena Auto Auction, Chicago

Feb. 27 — Nashville Auto Auction, Nashville, Tenn.

Oct. imports up as exports fall

WASHINGTON — The value of automotive imports increased 12.3 percent in October, while U.S. exports dropped 1.6 percent. As a result, the U.S. automotive trade deficit was 16.0 percent higher in October than in October 1989.

Every major automobile-producing country except Japan boosted exports of U.S.-bound cars at the start of the traditional U.S. model year, according to the latest trade statistics released by the U.S. International Trade Commission.

Canada — the largest exporter — increased its car shipments 24.8 percent. The value of car imports from Germany were up 23.5 percent, while South Korea's shipments were worth 29.4 percent more than in October 1989.

The value of car imports was up 416.1 percent from Mexico, where Ford Motor Co. builds the Escort and Tracer in a plant that was not in operation a year ago. Brazil, which shipped no cars to the United States in October 1989, sent $6.6 million worth in October 1990.

In Europe, car imports were up 63.6 percent from the United Kingdom and 176.5 percent from Italy. France increased the value of its car shipments from less than $185,000 a year ago to more than $3 million in October.

U.S. AUTOMOTIVE TRADE

(x $1,000)

Passenger cars

Country	Trade	Oct. 1989	Oct. 1990	Annualized trade Nov. 1988-Oct. 1989	Annualized trade Nov. 1989-Oct. 1990
Japan	from U.S.	$ 41,238	$ 82,057	$ 317,810	$ 575,515
	to U.S.	1,924,129	1,852,294	20,665,420	19,020,575
Canada	from U.S.	543,682	470,076	6,142,448	6,273,683
	to U.S.	1,167,313	1,456,732	12,630,464	13,778,017
W. Germany	to U.S.	421,731	520,683	5,528,154	5,744,501
S. Korea	to U.S.	103,849	134,395	1,826,885	1,107,556
Sweden	to U.S.	144,549	145,968	1,695,106	1,567,510
Mexico	to U.S.	55,890	288,457	1,241,588	1,848,943
Yugoslavia	to U.S.	0	0	12,561	5,558
United Kingdom	to U.S.	47,523	77,765	901,538	896,140
Italy	to U.S.	13,091	36,202	252,271	289,800
France	to U.S.	185	3,062	78,399	21,596
Brazil	to U.S.	0	6,557	268,229	120,486
Others	from U.S.	256,774	288,363	2,277,425	2,690,526
	to U.S.	44,352	57,879	405,337	581,173
Car total	from U.S.	841,694	840,496	8,737,683	9,539,724
	to U.S.	3,922,612	4,579,995	45,505,952	44,981,854
CAR TRADE BALANCE		(3,080,917)	(3,739,498)	(36,768,269)	(35,442,130)
Truck total	from U.S.	153,533	139,192	1,875,158	1,591,919
	to U.S.	795,256	716,257	8,186,225	7,847,337
TRUCK TRADE BALANCE		(641,723)	(577,065)	(6,311,067)	(6,255,418)
Car and truck total	from U.S.	995,227	979,688	10,612,841	11,131,643
	to U.S.	4,717,868	5,296,252	53,692,177	52,829,191
VEHICLE TRADE BALANCE		(3,722,640)	(4,316,563)	(43,079,336)	(41,697,548)
TOTAL U.S.	from U.S.	31,437,000	34,773,700	358,862,400	388,605,000
Merchandise trade	to U.S.	41,589,300	46,384,800	472,366,100	491,182,200
TRADE BALANCE		(10,152,300)	(11,611,100)	(113,503,700)	(102,577,200)

NADA

FROM PAGE 2

advanced that change from the normal date of March 1."

He praised other GM enhanced policies to benefit dealers, and cited quickened dealer reimbursement through electronic transfers and the GM-dealer open account system. Stempel also reiterated GM's commitment to the franchise system and said "we plan to continue to market our products exclusively through our dealers."

Worries about additional regulations and restrictions on vehicles also were prevalent in Stempel's speech. He listed the Clean Air Act of 1990, new emissions standards, chlorofluorocarbon elimination and corporate average fuel economy standards as challenges for the future.

"We manufacturers need you dealers to help us sell our commitment to safety, fuel economy and environmental compatibility to the American public," Stempel said. "We have to think about those things every day, but it's also important to plan for the future — to look for the opportunities that will be out there in the 1990s and figure out how we — dealer and manufacturers, working as a team — can climb aboard that trip to a better future."

Stempel concluded by reminding the audience of his three key messages: "sell, sell, sell."

DEALERS

FROM PAGE 1

Betts

Beyer

Brown

DiChristofano

Eversole

Machens

McNamara

Price

Prince

the year for all 65 recipients of the Time Magazine Quality Dealer Award.

The winners were selected by the University of Michigan Graduate School of Business Administration. Judges selected winners for "exceptional performance in their dealerships combined with distinguished community service." The award is sponsored by *Time* magazine in cooperation with the National Automobile Dealers Association.

Krenzen began his automotive career in 1952 as a salesman for Suburban Chevrolet in Hopkins, Minn. He was named new-car manager five years later and general manager in 1960.

In 1968, he became director of Gelco Corp., a holding company for five dealerships, and took over the operations of Prestige Lincoln-Mercury in Minneapolis in 1970. Krenzen purchased the former Duluth Motors in 1971 and renamed it Krenzen Cadillac-Pontiac.

Krenzen is the immediate past president of the Duluth Automobile Dealers Association. He has been honored by the American Cancer Society, of which he is a board member and a past president.

He is also a member of the Duluth Convention and Tourism Bureau, the Duluth Chamber of Commerce, the Economic Development Board, the United Jewish Appeal and the Jewish Community Center. He is active in several charities and sponsors youth teams.

Krenzen is married and has three sons.

Other finalists for the award were:

Charles H. Betts Jr., president of Betts Cadillac Inc. in Des Moines, Iowa.

Donald S. Beyer Jr., vice president of Don Beyer Motors Inc. (Volvo) in Falls Church, Va.

Robert Frazier Brown, president of Bob Brown Motors (Oldsmobile-Cadillac-GMC-Buick-Pontiac) in Lamesa, Texas.

Frank DiChristofano, president of Broadway Volvo Inc. in Tucson, Ariz.

Peter James Eversole, president of Eversole Motors Inc. (Chrysler-Plymouth-Dodge-Toyota-Suzuki) in La Crosse, Wis.

Joseph H. Machens, president of Joe Machens Ford Inc. in Columbia, Mo.; president of Joe Machens Import Center (BMW-Porsche-Volkswagen-Audi-Isuzu) in Columbia, Mo.; president of Joe Machens Toyota in Columbia, Mo.; and president of Joe Machens Honda in Jefferson City, Mo.

Dennis C. McNamara Sr., president and owner of McNamara Pontiac Inc. in Orlando, Fla.

Park Price III, president of Park Price Motor Co. (Oldsmobile-Buick-Nissan-Mercedes) in Pocatello, Idaho.

John Prince, president of Prince Chevrolet-Oldsmobile Inc. (Chevrolet-Oldsmobile-Toyota) in Tifton, Ga.

PRODUCTION

U.S. CAR

U.S. CAR	Week Ended Feb. 9, 1991	Week Ended Feb. 2, 1991	Jan. Total	Jan. 1 to Feb. 9, 1991	Jan. 1 to Feb. 10, 1990
Horizon	0	0	0	0	4,578
Sundance	2,400	2,227	1,689	4,627	5,246
Acclaim	2,550	2,851	10,876	13,926	5,782
Total Plymouth	**4,950**	**5,078**	**12,565**	**18,553**	**15,606**
LeBaron A	0	0	0	0	360
LeBaron J	0	1,668	2,332	2,690	0
N. Yorker C-Class	200	230	1,288	1,525	1,541
Fifth Avenue	700	710	3,487	4,328	2,048
Imperial	200	200	1,037	1,275	1,624
Total Chrysler	**1,100**	**2,808**	**8,144**	**9,818**	**5,573**
Omni	0	0	0	0	4,308
Daytona	0	581	962	1,075	0
Shadow	2,400	2,563	2,143	4,963	6,150
Dynasty	3,800	3,840	14,964	19,536	8,766
Spirit	2,250	2,055	9,714	12,446	7,780
Total Dodge	**8,450**	**9,039**	**27,783**	**38,020**	**27,004**
CHRYSLER CORP.	**14,500**	**16,925**	**48,492**	**66,391**	**48,183**
Escort	5,512	0	12,898	18,410	11,105
Mustang	0	2,562	4,321	4,752	13,876
Tempo	3,290	0	7,166	10,456	9,049
Taurus	3,758	8,377	22,986	28,461	41,482
Thunderbird	0	3,444	4,009	4,788	6,856
Total Ford Div.	**12,560**	**14,383**	**51,380**	**66,867**	**82,370**
Topaz	1,115	0	2,962	4,077	3,245
Cougar	0	2,127	3,812	4,158	2,947
Sable	1,482	1,841	6,119	7,980	7,872
Total Mercury	**2,597**	**3,968**	**12,893**	**16,215**	**14,064**
Continental	1,180	1,205	5,066	6,482	5,984
Mark VII	209	209	887	1,137	2,967
Town Car	2,771	2,830	11,939	15,265	17,923
Total Lincoln	**4,160**	**4,244**	**17,892**	**22,884**	**26,874**
Total L-M Div.	**6,757**	**8,212**	**30,785**	**39,099**	**40,938**
FORD MOTOR CO.	**19,317**	**22,595**	**82,165**	**105,966**	**123,308**
Roadmaster	40	40	159	239	0
Skylark/Somerset	2,500	2,540	10,635	13,633	6,497
Century	1,990	0	3,216	5,206	5,377
Riviera	298	349	758	1,128	1,928
Electra/Park Ave.	2,882	2,979	9,205	12,688	9,124
LeSabre (fwd)	3,994	4,002	16,729	21,507	12,164
LeSabre (rwd)	0	0	575	0	450
Reatta	33	41	35	74	910
Total Buick	**11,737**	**9,951**	**41,312**	**54,475**	**36,450**
Eldorado	406	430	938	1,424	1,653
Seville	719	868	1,888	2,781	2,206
Brougham (rwd)	375	244	2,015	2,457	2,840
DeVille (fwd)	3,250	3,062	12,888	16,771	12,659
Allante	64	64	269	346	365
Total Cadillac	**4,814**	**4,668**	**17,998**	**23,779**	**19,723**
Cavalier	5,305	5,498	23,253	29,643	20,919
Camaro	0	0	4,029	4,029	0
Corsica/Beretta	2,160	6,225	19,711	23,119	24,222
Caprice	2,713	3,075	12,071	15,332	9,522
Corvette	480	488	2,016	2,592	1,680
Total Chevrolet	**10,658**	**15,286**	**61,080**	**74,715**	**56,343**
Calais	1,820	1,904	7,560	9,759	7,034
Cutlass Ciera	1,565	0	3,333	4,898	6,550
Cutlass Supreme	2,200	2,190	8,844	11,486	6,890
Toronado	173	201	423	643	1,976
88 (fwd)	1,973	2,033	7,764	10,143	8,250
88 (rwd)	0	0	1,189	0	341
98	2,030	1,913	7,704	10,124	4,705
Total Oldsmobile	**9,761**	**8,241**	**36,817**	**47,053**	**35,746**
Sunbird	2,490	2,407	10,016	12,979	8,367
Grand Am	4,800	4,872	12,508	18,268	14,050
Firebird	0	0	1,003	1,003	0
Grand Prix	0	3,171	8,173	8,823	5,458
Pontiac 6000	895	0	2,247	3,142	4,116
Bonneville	1,486	1,269	4,006	5,765	8,642
Total Pontiac	**9,671**	**11,719**	**37,953**	**49,980**	**40,633**
Total Saturn	**910**	**985**	**3,984**	**4,135**	**0**
GENERAL MOTORS	**47,551**	**50,770**	**199,064**	**254,137**	**188,895**
DIAMOND-STAR	**3,128**	**3,128**	**13,634**	**17,278**	**15,078**
Civic	1,845	1,725	7,261	9,451	15,588
Accord	6,574	7,344	30,900	38,934	33,944
HONDA	**8,419**	**9,069**	**38,161**	**48,385**	**49,532**
MAZDA†	**3,762**	**3,115**	**12,399**	**16,161**	**19,523**
NISSAN	**2,800**	**2,946**	**13,493**	**16,983**	**13,400**
Corolla	2,100	2,175	8,979	11,514	11,518
Geo Prizm/Nova	2,100	2,175	9,102	11,637	11,133
NUMMI	**4,200**	**4,350**	**18,081**	**23,151**	**22,651**
SUBARU-ISUZU	**1,232**	**1,297**	**4,936**	**6,525**	**3,300**
TOYOTA	**4,210**	**4,388**	**19,810**	**24,095**	**25,031**
TOTAL BIG 3	**81,368**	**90,290**	**329,721**	**426,494**	**360,386**
TOTAL TRANSPLANT	**27,841**	**28,293**	**120,514**	**153,378**	**148,665**
TOTAL CARS, U.S.	**109,209**	**118,583**	**450,235**	**579,872**	**509,051**
TOTAL CARS, CANADA	**14,599**	**19,310**	**80,813**	**99,530**	**84,037**
U.S., CANADA CARS	**123,808**	**137,893**	**531,048**	**679,402**	**593,088**
U.S., CANADA CARS AND TRUCKS	**176,065**	**212,836**	**825,292**	**1,040,236**	**1,025,729**

Monthly estimates may contain error of one or two units due to rounding.

*Estimate †Total includes MX-6, 626, and Ford Probe

CANADIAN CAR

CANADIAN CAR	Week Ended Feb. 2, 1991	Week Ended Jan. 26, 1991	Jan. Est.	Jan. 1 to Feb. 2, 1991	Jan. 1 to Feb. 3, 1990
Monaco	0	0	0	0	1,894
Premier	0	0	0	0	401
CHRYSLER CORP.	**0**	**0**	**0**	**0**	**2,295**
Tempo	3,745	0	5,373	9,118	10,722
Topaz	932	0	1,638	2,570	3,046
Crown Victoria	2,601	2,401	4,538	7,551	9,325
Grand Marquis	151	0	0	151	9,408
FORD MOTOR CO.	**7,429**	**2,401**	**11,549**	**19,390**	**32,501**
Celebrity	0	0	0	0	1,457
Cutlass Ciera	0	1,795	7,506	7,877	8,490
Lumina	0	4,679	18,164	19,073	15,210
Regal	0	3,333	12,469	13,135	1,878
GENERAL MOTORS	**0**	**9,807**	**38,139**	**40,085**	**27,035**
CAMI	**2,500**	**2,700**	**11,029**	**14,547**	**0**
HONDA	**2,150**	**2,114**	**9,326**	**11,913**	**13,078**
HYUNDAI	**1,000**	**767**	**4,057**	**5,057**	**1,870**
TOYOTA	**1,340**	**1,341**	**5,940**	**7,549**	**6,216**
VOLVO	**180**	**180**	**773**	**989**	**1,042**
TOTAL CARS, CANADA	**14,599**	**19,310**	**80,813**	**99,530**	**84,037**

U.S. TRUCK

U.S. TRUCK					
Caravan	1,900	2,276	9,204	11,550	14,280
Dakota	1,700	0	3,109	4,809	4,509
Caravan C/V	50	55	251	333	857
Ram pickups	1,700	0	3,127	4,827	[illegible]
Total Dodge	**5,350**	**2,331**	**15,691**	**21,519**	**25,213**
Cherokee	0	3,943	5,882	6,687	13,414
Comanche	0	316	509	557	595
Grand Wagoneer	0	0	0	0	260
Brairwood	0	121	179	202	256
Total Jeep	**0**	**4,380**	**6,570**	**7,446**	**14,525**
Voyager	1,500	1,494	7,129	8,954	13,039
Town & Country	50	188	264	338	413
Total C-P Div.	**1,550**	**1,682**	**7,393**	**9,292**	**13,452**
CHRYSLER CORP.	**6,900**	**8,393**	**29,654**	**38,257**	**53,190**
Aerostar	4,000	0	9,617	13,617	14,950
Bronco	0	754	1,177	1,326	5,557
Bronco II/Explorer	5,783	5,168	21,356	28,015	12,274
Navajo	399	392	1,674	2,141	10,733
Econoline	0	3,700	7,759	8,539	14,937
Mediums/Heavies	0	1,132	3,609	3,841	5,156
Light trucks	3,045	6,155	18,683	22,995	45,365
Ranger	2,667	5,141	19,968	23,600	26,325
Total Ford Div.	**15,894**	**22,462**	**83,843**	**104,074**	**124,564**
FORD MOTOR CO.	**15,894**	**22,462**	**83,843**	**104,074**	**124,564**
Astro	1,010	0	5,878	6,894	5,098
Blazer	[illegible]	208	498	747	1,248
Lumina APV	0	1,469	3,577	3,854	9,772
Mediums/Heavies	80	304	0	1,126	1,740
P-Model	458	0	623	1,089	2,198
Pickups	277	5,829	19,348	18,134	24,911
S-10	445	2,304	22,221	23,107	25,136
S-10 Blazer	0	465	1,831	3,523	7,133
Sportsvan/Van	757	0	1,352	2,186	1,554
Suburban	544	636	1,725	2,396	4,447
Total Chevrolet	**3,779**	**11,215**	**57,063**	**63,056**	**83,237**
Jimmy	79	67	196	287	441
Mediums/Heavies	520	291	0	2,028	1,847
P-Model	42	0	209	251	229
Pickups	104	2,849	8,553	6,516	7,368
S-15 Sonoma	0	595	5,476	5,570	5,821
S-15 Jimmy	0	262	702	1,967	2,326
Safari	434	0	2,503	2,937	2,238
Suburban	580	463	1,096	1,776	2,147
Vandura/Rally Vans	354	0	608	885	811
Total GMC	**2,113**	**4,527**	**19,343**	**22,217**	**23,228**
Silhouette	0	480	988	1,110	3,419
Bravada	0	552	1,998	2,114	0
Total Oldsmobile	**0**	**1,032**	**2,986**	**3,224**	**3,419**
Pontiac Trans Sport	**0**	**756**	**1,897**	**2,058**	**7,165**
GENERAL MOTORS	**5,892**	**17,530**	**81,289**	**90,555**	**117,049**
NAVISTAR	**1,645**	**1,659**	**5,928**	**7,906**	**8,413**
NISSAN	**2,770**	**2,769**	**12,899**	**16,214**	**17,344**
SUBARU-ISUZU	**1,176**	**1,198**	**4,974**	**6,364**	**3,360**
AM GENERAL	**400**	**400**	**2,050**	**2,450**	**2,700**
MISCELLANEOUS	**2,650**	**2,650**	**13,600**	**16,250**	**18,000**
TOTAL TRUCKS, U.S.	**37,327**	**57,061**	**234,237**	**282,070**	**344,620**

CANADIAN TRUCK

CANADIAN TRUCK					
Caravan	2,885	2,875	12,538	16,032	19,093
Caravan C/V	120	85	379	516	1,209
Ram Wagon	715	524	377	1,239	1,870
Ram Van	1,205	1,204	967	2,409	4,534
Total Dodge	**4,925**	**4,688**	**14,261**	**20,196**	**26,706**
Voyager	2,115	2,177	9,541	12,073	16,019
Total Plymouth	**2,115**	**2,177**	**9,541**	**12,073**	**16,019**
Wrangler	1,500	1,617	3,796	5,624	0
Total Jeep	[illegible]	**1,617**	**3,796**	**5,624**	**0**
CHRYSLER CORP.	[illegible]	**8,482**	**27,598**	**37,893**	**42,725**
FORD MTR. (lt. trks.)	[illegible]	**2,893**	**6,856**	**7,450**	**14,070**
Light trucks	[illegible]	3,504	13,447	17,433	18,950
Vans	710	604	1,109	1,926	1,343
Total Chevrolet	**3,990**	**4,108**	**14,556**	**19,359**	**20,293**
Light trucks	970	719	5,002	6,096	9,281
Vans	265	333	583	940	488
Total GMC	**1,235**	**1,052**	**5,585**	**7,036**	**9,769**
GENERAL MOTORS	**5,225**	**5,160**	**20,141**	**26,395**	**30,062**
CAMI	**1,000**	**1,181**	**4,676**	**6,187**	**0**
NAVISTAR	**165**	**166**	**736**	**830**	**1,164**
TOTAL TRKS., CANADA	**14,930**	**17,882**	**60,007**	**78,764**	**88,021**
U.S., CANADA TRKS.	**52,257**	**74,943**	**294,244**	**360,834**	**432,641**

Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz.

Car output climbs 26% for January

By Anne E. Wright
AUTOMOTIVE NEWS CHIEF STATISTICIAN

U.S. auto production in January was 450,235, up 26.22 percent over January 1990 and 33.75 percent above December 1990.

Truckmakers assembled 234,237 units in January, 4.35 percent below the prior month and 36.80 percent above last year. It was the lowest production total for January since 1983 when 131,210 trucks were built.

U.S. makers estimated last week's car production at 109,209 units, 7.91 percent below the prior week and 1.98 percent above the same week last year.

Year-to-date, 579,872 cars have been assembled, 13.91 percent above last year.

U.S. truckmakers estimated last week's output at 37,327 units, 34.58 percent below the prior week and 50.93 percent below the same week in 1990.

So far this year, 282,070 trucks have been assembled, 18.15 percent below last year.

Four General Motors car plants are scheduled to be idle this week: Wilmington, Del.; Arlington, Texas; Kansas City, Kan.; and Van Nuys, Calif. GM truck facilities scheduled to be down this week are Fort Wayne, Ind.; Pontiac, Mich. (West); and Tarrytown, N.Y.

GM scheduled daily overtime last week at the Lordstown, Ohio, car facility. The postal vehicle line at the Moraine, Ohio, truck plant also worked overtime.

Ford Motor Co. announced that four truck plants will be idle this week: Wayne, Mich.; Norfolk, Va.; St. Louis; and St. Paul, Minn. The company has also closed the Atlanta; Dearborn, Mich.; Lorain, Ohio; and Wayne, Mich., car plants. Both the car and truck lines at the Kansas City, Mo., facility will be down this week.

All Chrysler Corp. car plants in the United States and one truck plant are closed this week. The Belvidere, Ill., and St. Louis (No. 1) car plants and the Toledo, Ohio, truck plant are expected to resume production Feb. 18. The Newark, Del., and Sterling Heights, Mich., car plants are scheduled to reopen Feb. 25.

Cars in Canada make 38% gain

Canadian auto production in January was 80,813, an increase of 38.73 percent over the year-ago month and 36.67 percent above December.

Truckmakers assembled 60,007 units in January, 4.67 percent below the year-ago month and 16.23 percent above December.

INCENTIVE WATCH
CUSTOMER INCENTIVES

	Rebates	Expiration Date
Chrysler Corp. (1989-90)		
Chrysler	$500-2,000	3/31
Dodge cars	$700-1,500	3/31
Dodge trucks	$500-2,500	3/31
Eagle	$700-1,500	3/31
Jeep	$500-2,000	3/31
Plymouth	$700-1,000	3/31
All minivans	$1,000	3/31
Finance rates in lieu of rebate start at 5.9 percent.		
Chrysler Corp. (1991)		
Chrysler	$500-1,000	3/31
Dodge cars	$500-1,000	3/31
Dodge truck	$300-1,500	3/31
Eagle	$400-700	3/31
Jeep	$700	3/31
Plymouth	$400-1,000	3/31
All minivans	$500	3/31
Finance rates in lieu of rebate start at 5.9 percent.		
Ford Motor Co. (1990)		
Ford Festiva	$700	2/28
Ranger	$1,500	2/28
All Lincoln	$1,500	2/28
Ford Motor Co. (1991)		
Ford Escort, Festiva	$500	2/28
Ranger	$1,000	2/28
Mercury Tracer	$500	2/28
Grand Marquis	$1,000	2/28
Finance rate, in lieu of rebate, starts at 7.9 percent for 48 months or less.		
General Motors (1990)		
Buick Reatta*	$2,000	4/7
Other Buick*	$250-1,000	4/7
Cadillac	$1,200	4/7
Chevrolet Geo	$300-800	4/7
Corvette	$3,000 (GM employees)	4/7
Other cars	$400-750	4/7
Trucks	$500-1,500	4/7
GMC	$500-1,500	4/7
Oldsmobile	$750-1,250	4/7
Pontiac Bonneville	$400-1,000	4/7
*Based on option package selected All makes except Cadillac offer cut-rate financing in lieu of rebates.		
General Motors (1991)		
Buick Reatta	$2,000*	4/7
Other Buick	$250-1,000*	4/7
Cadillac Brougham	$1,500	3/31
Chevrolet Geo	$300-800	4/7
Corvette	$3,000 (GM employees)	4/7
Other cars	$400-750	4/7
Trucks	$500-1,000	4/7
GMC	$500-1,000	4/7
Oldsmobile	$500-1,000	4/7
Pontiac	$400-750	4/7
*Based on option package selected		
Hyundai (1991)	$500-1,575	4/3
Mazda (1990)		
Cars	$750-1,500	2/28
Trucks	$886-1,250	2/28
Subaru		
Justy (1990-91)	$500	2/12
Loyale (1991)	$300-$1,050	2/12
Toyota (1991)		
Celica GT, 4Runner	$800 discount on options	10/1

INCENTIVE WATCH
DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler Corp. (1990)		
Dodge Ram D-W, Club wagon, Ramcharger	$1,000	3/31
Jeep	$400-3,000	3/31
Chrysler Corp. (1991)		
Colt, Summit	$400-700	3/31
Dodge Trucks	$1,000	3/31
Jeep	$400-3,000	3/31
Ford Motor Co. (1990)		
Ford Taurus SHO	$3,000	2/28
Other cars	$800-1,500	2/28
Ford Bronco	$2,000	2/28
Other trucks	$900-1,100	2/28
Mercury Topaz	$800	2/28
Sable	$1,100	2/28
Cougar	$1,200	2/28
Grand Marquis	$1,500	2/28
All Lincoln	$2,000	2/28
Ford Motor Co. (1991)		
Ford Taurus SHO	$1,000	2/28
Crown Victoria	$750	2/28
Other cars	$100-700, based on sales	2/28
Ford trucks	$100-700, based on sales	2/28
Mercury Topaz, Cougar, Sable	$100-700, based on sales	2/28
General Motors (1990-91)		
Corvette	$1,000-3,000, quota	4/7
Chevrolet C1500	$500	4/7
Acura (1990-91)		
Integra	$300	4/2
Audi (1991)	$1,500-4,000	2/28
Honda (1990-91)		
Accord	$300	3/31
Hyundai (1990)		
Excel	$1,000-1,500	4/3
Sonata	$2,000	4/3
Hyundai (1991)		
Sonata	$100-500, based on sales	4/3
Isuzu		
Impulse (1990)	$1,500	2/15
Trooper (90-91)	$1,300-1,700, quota	3/31
Pickup (1991)	$600-1,500, quota	3/31
Mitsubishi (1990-91)		
Cars	0-$2,000, quota	2/28
Trucks	0-$1,500, quota	2/28
Nissan (1990)		
Pathfinder	$1,500	4/2
Nissan (1990-91)		
Stanza	0-$1,500, quota	4/2
Pickups	$1,200	4/2
Peugeot (1990)	$2,000	None
Subaru		
XT (1989-91)	$2,000	2/12
Legacy (1990-91)	$700-2,000	2/12
Loyale (1990)	$800-1,500	2/12
Suzuki (1990-91)		
Swift	$400-1,000	4/3
Sidekick	$1,000-2,000	4/3
Toyota (1989-91)		
Corolla and Camry	$200-1,000, quota	4/3
Celica	$200-1,500, quota	4/3
Trucks	$200-1,000, quota	4/3
Volkswagen (1990)		
Cars	$500-1,500	None

4 imports, Corvette play incentive game

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

Five automakers announced or extended incentive programs last week.

Toyota Motor Sales U.S.A. Inc.'s new dealer incentive program, which runs through April 3, applies to 1989 to 1991 cars and trucks and is based on performance against sales quotas.

Dealers receive payments ranging from $200 to $1,000 on 1989 to 1991 Camrys and Corollas, $700 to $1,500 on 1990 and 1991 Celicas without the Extra Value Package and $200 to $1,000 on the 1991 Celica.

The program also pays dealers $200 to $600 on 1989 to 1991 two-wheel-drive and four-wheel-drive non-base pickups and $600 to $1,000 on the base models.

American Suzuki Motor Corp.'s dealer program pays rebates of $400 to $2,000 on 1990 and 1991 Swifts and Sidekicks. The dealer can keep the cash or pass it along to the customer.

The program runs through April 3. Payments on 1990 models are: Swift three-door GA/GL, $400; Swift four-door GA/GL/GS/GLX, $500; Swift GT, $1,000; Sidekick two-door 2wd, $2,000; Sidekick four-door 4wd hardtop, $1,500.

The payments to dealers on 1991 models are: Swift three-door GA, $400; Swift four-door GA/GS, $500, Swift GT, $1,000; Sidekick two-door 2wd, $1,500; and Sidekick two-door 4wd, $1,000.

Dealer rebates announced by Audi of America on 1990 models are: $1,500 on the 80 Quattro, 90 Quattro and Coupe Quattro all-wheel-drive models; $2,300 on the 80 and 90 front-wheel-drive models; $3,000 on the 100 and 200 Class C models; and $4,000 on the V8. The program runs through Feb. 28.

Peugeot Motors of America Inc. announced a dealer rebate of $2,000 on all 1990 models. The program runs indefinitely.

Chevrolet extended its dealer/consumer incentive program on 1990 and 1991 Corvettes through April 7.

The dealer cashbacks, based on sales, range from $1,000 to $3,000. The consumer phase pays $3,000 rebates to General Motors employees and those making product evaluation purchases.

MALMO

FROM PAGE 1

ing sales in the United States. Half of Saab's net loss, or about $425 million, will have to be accounted for in GM's earnings statement.

GM paid $600 million for 50 percent of the former Saab Car in late 1989, forming Saab Automobile AB as a joint venture with Sweden's Saab-Scania AB.

Saab Automobile officials blamed the staggering loss on low sales and under-utilization of capacity. In addition, the company said the falling dollar cost the company 300 million kronor ($55 million) in revenue.

Production fell to 89,000 units last year from 103,000 in 1989 as Saab's key markets — Sweden, Britain and the United States — weakened sharply. U.S. sales fell 16 percent last year, to 26,397, and skidded 47.9 percent in January.

Without elaborating, Saab Automobile also announced that it is "in the process of reviewing its capital structure." The review will be completed in the "near term," it said.

"The shareholders will then review appropriate measures to support Saab Automobile and the aggressive capital spending program planned," the company said in a statement. President David Herman declined to elaborate.

Saab Automobile's board said there is no prospect of assigning other production to the Malmo plant, which opened to great fanfare in the summer of 1988. The modern, ultra-automated plant features a non-conventional manufacturing system in which worker teams assemble one complete car at a time rather than follow traditional production-line routines.

A GM spokesman said he could not conceive of utilizing Malmo, even though GM remains capacity-constrained in Europe.

Saab said that by concentrating production at the company's Trollhattan facilities, better efficiencies can be obtained.

"We are confident that increased volumes of Saab vehicles can be made at our Trollhattan plant," said Herman. "This is the best formula for sustained profitability at Saab Automobile."

The action "was the most obvious thing to do to get some overhead out of the business," said analyst Peter DuPont, a Swedish specialist at UBS Phillips & Drew in London. "And the GM management did not appear too impressed with the operation, even if they could get utilization up."

Saab Automobile's next measure, DuPont reckoned, might be to link its U.S. sales organization with GM in the way it has joined with GM in Canada. But Saab officials have insisted they will not take the same approach in the United States.

Saab-Scania phased out a smaller plant in Arlov, Sweden, as the new Malmo plant came on stream. But the opening of Malmo, which was intended to reach a capacity of 60,000 units within 2-3 years, increased the company's potential capacity from 140,000 to 180,000 units at a time when sales were already starting to slide.

Only about 10,000 cars were built there last year.

> “This is the best formula for sustained profitability at Saab Automobile.”
>
> **David Herman**
> Saab Automobile president

EARNINGS

FROM PAGE 2

company did not incur all of the expenses related to the one-time $577 million restructuring charge posted in 1989. The credit was the result of Chrysler's decision to delay the planned closing of its St. Louis No. 1 plant and to retain additional UAW employees needed to implement increased production at the St. Louis No. 2 plant.

But Chrysler has no hope of emerging unscathed in the first quarter of 1991.

"The year ahead is even more uncertain than 1990," Iacocca said. "In my lifetime I have been through 10 recessions, the Great Depression and this makes my fourth war. In all that time, I have never been through a war and a recession at the same time. We are really into some unchartered waters here."

Iacocca said company executives would meet with bankers within two weeks to review available credit that might be needed in the event of a severe downturn.

Asked if Chrysler might follow General Motors, which last-week reduced its common stock dividend, Iacocca appeared to retreat from his earlier position that Chrysler's dividend would be maintained "short of nuclear war."

Iacocca said the Chrysler board will hold its quarterly meeting to discuss the dividend next month and will assess the impact and expected longevity of the Gulf war and the recession.

"I would hope we could muddle through, but maybe we can't," Iacocca said.

He also did not rule out another round of personnel layoffs at the company and said Chrysler must further reduce its layers of management.

Miller said Chrysler is drawing on cash reserves to pay suppliers because the company is not building the number of vehicles anticipated when parts were ordered. Chrysler is operating at 50 percent production capacity, he said. But the cash erosion is expected to be stemmed by the second quarter, according to Miller.

Chrysler had $3 billion in cash reserves at year end. "At some point dealers have to stop destocking," he said. "There are 400,000 units in the field today versus 650,000 units one year ago."

Iacocca said: "If you look at first quarter schedules for Ford, GM and us, we are spilling off billions in cash. You are going to see huge operating losses. And then you throw in these aggressive forward model programs and you start to run out of money."

Iacocca said Chrysler's product program remains untouched. But Miller suggested that the entire industry would be facing product deferrals if an economic recovery is not underway in 1992.

Last week, Chrysler also said in the first quarter it will post a one-time $257 million charge against earnings due to an accounting change. Chrysler will now record incentive charges at the time a vehicle is shipped, rather than when it is retailed.

Incentives costs are now averaging about $900 per unit, down from about $1,200 per unit during most of 1990, York said. Chrysler said it spent in excess of $2 billion on incentives in 1990.

Chrysler had worldwide sales and revenues of $30.6 billion in 1990, down from $35.2 billion in 1989. In the fourth quarter, worldwide sales and revenues were $7.6 billion, down from $8.0 billion a year earlier.

Worldwide factory unit sales in 1990 were 1,984,333 cars and trucks, down 16.7 percent from 1989.

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The East: Its promise is reshaping automaking

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — The promise of Eastern Europe has dramatically reshaped investment patterns and survival strategies among Western Europe's automakers.

Europe's ground rules have changed and the targets have shifted since the fall of Communism. And Western automakers have moved much faster to establish themselves in Eastern Europe than virtually anyone predicted a year ago — swiftly staking industrial claims and setting up distribution networks.

"I think it is a hell of an opportunity," Ford of Europe Chairman Lindsey Halstead said in a recent interview. "It provides a growth opportunity over the long haul that simply did not exist before. So it makes Europe — when you add in Eastern Europe — a very big automotive market."

But the region's economic potential is unlikely to be realized quickly. Each country in the old East Bloc is undergoing what promises to be a long and painful development period.

"There will be a period of three to four years where there will be some kind of depression in these countries," says Sanjay Dabysing of DRI Europe. "But once their economies improve, the markets will increase very fast."

But for the foreseeable future, each country is barely muddling through as they make the painful transition from centrally planned to free-market economies. The United Nations Economic Commission for Europe estimates that total industrial production in Eastern Europe plunged 18 percent during the first nine months of 1990.

Even the former East Germany, the strongest of the former East Bloc countries and now underpinned economically by Bonn, is on the brink of collapse. Unemployment has been rising at a monthly rate of 200,000 — reaching 2.6 million — as inefficient, former state-run industries shut down.

According to PlanEcon Inc., a

see EAST, page 86

TRACY BAKER

Owner-managers of a new Peugeot store in Neuenhagen, near Berlin, pose proudly outside their shop. Bearded chairman Oskar Leinweber is at far right.

Toyota's entry means war in big-pickup field

It's Big 3 profit stronghold

By Joseph Bohn and Kristine Stiven Breese
AUTOMOTIVE NEWS STAFF REPORTERS

The last important all-American segment will be integrated when Toyota Motor Sales U.S.A. Inc. brings a full-sized pickup truck to market, probably by the mid-1990s.

"There's no question we're planning a large truck; it's just a question of when," said Al Wagner, Toyota senior vice president, after a session with Toyota dealers at the the National Automobile Dealers Association convention in Atlanta.

The revelation to dealers sets the stage for a major battle with the Big 3, who depend on the profits of full-sized pickup trucks.

The big trucks have generated big sales, large profits and strong owner loyalty for the Detroit-based manufacturers. The segment was the last one free of import competition.

"To the extent many people have said Chrysler has only one or two profitable product lines, right now I would say the same thing about Ford Motor," says analyst Maryann Keller of Furman Selz Inc. in New York.

"The full-sized pickup is probably the single most important vehicle in GM's and Ford's product lines," she added.

see PICKUPS, page 32

Saturn hopes its seat problem becomes a case study on recalls

By Phil Frame
AUTOMOTIVE NEWS STAFF REPORTER

Saturn Corp. officials hope to take another page from the Japanese book of customer satisfaction — this time, in how to recall a much-publicized new car.

Saturn lived up to its advertising slogan — "A different kind of company" — in the way it notified its car buyers about its first-ever recall. The company last week recalled 1,210 base-level SL and SL1 sedans to correct a defect with front seat-back recliner mechanisms. Another 270 affected cars are either at the Saturn plant in Spring Hill, Tenn., or in dealer hands.

The problem could cause the seat back to slip backward a notch or more. Since the problem was not a safety defect, the government was not involved.

The company sent overnight letters at $9 each to every affected owner. But it also sent letters to all

see SATURN, page 91

NEW ATTITUDES

Dealers seek sales fix at workshops

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

ATLANTA — Bus Goode is a Rupert, Idaho, Ford-Lincoln-Mercury dealer who likes a good time.

Normally, Goode attends National Automobile Dealers Association conventions to go to parties. He avoids workshops and other more serious matters in favor of the various receptions, then later buys the workshop tapes that interest him.

Not this year.

"Even I went to a workshop," said Goode, who wanted to learn more about financing used cars on his own, a topic that was discussed in a seminar called "Buy Here-Pay Here."

Goode said up to 30 percent of the general public cannot get financing to buy vehicles, a market he would like to tap.

Goode's more business-like approach was a common thread weaved through a fabric of both optimism and pessimism at this year's NADA convention. Some 15,000 dealers and related industry professionals attended, down from 22,000 in Las Vegas last year.

Bill Jenkins, a Ford dealer in Fuquay Varina, N.C., said it costs an average $2,500 for each dealer to attend the convention,

see CONVENTION, page 90

NADA
ATLANTA

See index on Page 3

AUTOMOTIVE NEWS/JOE WILSSENS

New NADA President Frank Anderson, left, and Past President Ray Green, right, tour the convention exhibit hall with Miss Georgia Deena Orr.

RV seat and belt failures

Several van converters have failed to meet federal safety standards governing the strength of their seat and/or seat-belt attachments, signaling a potentially widespread and serious problem for the industry. Story on Page 16

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BIG 3 FINANCIAL RESULTS

	Fourth quarter 1990	1989	Calendar Year 1990	1989
	(millions)		(millions)	
General Motors				
Sales	29,880	31,360	124,700	126,930
Earnings	(1,617)	700	(1,986)	4,224
Ford Motor Co.				
Sales	24,190	24,140	97,650	96,150
Earings	(519)	314	860	3,835
Chrysler				
Sales	7,650	8,020	30,620	35,190
Earnings	31	(664)	68	359

Source: Manufacturers

GM posts only Big 3 loss in '90

By Phil Frame
and Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTERS

Despite General Motors' market share gain in 1990 and all the talk of impending doom at Ford Motor Co. and Chrysler Corp., GM turned out to be the only Big 3 auto company to post a loss last year.

GM last week announced a 1990 loss of $2 billion, compared to a profit of $4.2 billion in 1989. Ford reported a profit of $860 million for 1990, down 77 percent from $3.8 billion the previous year.

Chrysler surprised most analysts by reporting a 1990 profit of $68 million two weeks ago.

GM would have earned $102 million for 1990 had it not taken a $2.1 billion writeoff in the third quarter to close four idle assembly plants and to close or consolidate at least five other plants over the next several years.

After losing U.S. market share in cars and light trucks combined during most of the 1980s, GM reversed the trend in 1990, capturing 35.5 percent of the light-vehicle business, compared to 35.1 percent in 1989.

GM lost $1.6 billion in the fourth quarter, when the Gulf crisis and economic woes killed consumer buying confidence.

The fourth-quarter loss, which compared with a $700 million profit in the same quarter of 1989, nearly offset the $1.7 billion GM earned — not including the big writeoff — in the first three quarters combined.

The company's fourth-quarter loss was a result of not being able to reduce costs fast enough as sales volume spiraled downward, said Chairman Robert Stempel.

Prospects for earnings in the first quarter of 1991 look poor as well, Stempel said in response to a question at the National Automobile Dealers Association convention in Atlanta.

GM's North American automotive operations lost money in 1990, with analysts estimating that Saturn Corp. was at least a $600 million to $700 million drain, while overseas automotiveoperations earned $2.4 billion. Its three major subsidiaries — General Motors Acceptance Corp., Electronic Data Systems Corp. and GM Hughes Electronics Corp. — reported record or near-record earnings.

As Ford reported its 1990 woes, the company said that prospects for the first quarter look dim. David McCammon, Ford vice president of finance and treasurer, said the company expects to report a substantial loss for the first three months of 1991.

Ford's biggest tumble came in the fourth quarter, when it lost $519 million. The other three quarters were profitable.

Vehicle sales were down inside and outside the United States.

For the year, Ford sold 5.9 million vehicles worldwide, compared to 6.4 million in 1989. Its U.S. automotiveoperations lost $17 million last year, compared to earnings of $1.1 billion in 1989. Ford earned $116 million on its non-U.S. automotiveoperations, down $2 billion from 1989.

The only bright spot in Ford's financial picture was its Financial Services Operations, which earned $761 million last year, compared to $660 million the previous year.

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Correction

In the Feb. 11 issue's Face of the Dealer section, the pictures of Frank Thompson and Scott Thomason were reversed. Their pictures are properly identified here.

Frank Thompson

Scott Thomason

Program-car plan slapped

Ford dealers oppose stand-alone sales outlets

By Kathy Jackson
AUTOMOTIVE NEWS STAFFREPORTER

ATLANTA — The Ford Division make meeting erupted into a 45-minute debate on the merits of the used-car franchise Ford Motor Co. is developing to sell so-called program cars. Virtually all of the 100 Ford dealers present were opposed to the plan.

It was clearly what concerned holders of Ford franchises most at the National Automobile Dealers Association convention here last week.

L-M dealers also blast Ford plan, Page 50

At a 75-minute private meeting, at least 45 minutes were devoted to Ford Motor Co.'s proposal to set up free-standing used-car franchises to sell program cars — cars that Ford buys back from daily-rental fleet purchasers.

"That was the major issue," said Bill Jenkins of Don Jenkins & Son Ford in Fuquay Varina, N.C. "Ford doesn't have any idea of what they're doing with this program or why they're doing it."

Ford plans to select five major cities to test the program. Profitable, successful Ford and Lincoln-Mercury dealers will be selected to run the stores that will sell the used cars, which generally have a maximum of 10,000 miles. Ford says it will test the program first to determine whether it will have a serious impact on new-car sales. The test is slated to begin this spring.

Now, all Ford Motor dealers can buy program cars at auctions restricted to Ford Motor dealers. That will not change.

Dealers say that sales of the nearly new cars have already trimmed new-car sales by at least 25 percent, and they fear the figure could go higher if free-standing stores are set up. They are also concerned because not all of them will be allowed to hold the franchises, and they say the new stores could hurt the sales of dealers who already sell program cars.

A Ford executive, who did not want to be named, confirmed that only about 100 such franchises will be set up if the program is rolled out nationally.

"The dealers can already sell these cars off their lots," Jenkins said. "So why set up additional retail outlets when there are no additional retail customers?"

And the vote was unanimous among the 100 or so dealers at the meeting that they don't want Ford to proceed with the plan.

Timothy Loudon, president of A.J. Loudon Co., a Ford dealership in Salem, Ohio, agreed with Jenkins that program cars were the No. 1 concern of the dealer body at the meeting.

"Ford is looking for alternatives, but there is also concern with plant closings and production levels" if new-car sales fall off dramatically due to competition from the program cars, Loudon said.

"It's the sign of the times," said a Ford official who did not want to be named. "The dealers must realize that what's good for the company ultimately will be good for them."

Cash flow was another area of keen interest to the Ford dealers.

The dealers were told that Ford Motor Credit Co. has agreed to work with any of them who have immediate cash flow problems and that a new program can save dealers about 35 percent on their long-distance telephone charges.

The majority of the dealers said they favored consumer rebates over dealer incentives.

Dealers also complained about the quality of Ford cars. "I still feel it's behind the perceived leaders — Honda and Toyota," said a dealer who asked not to be identified. "It's Toyota and Honda that Ford needs to be chasing as far as quality is concerned, not GM and Chrysler."

Bush's dual-fuel plan spells CAFE relief

By Helen Kahn
SENIOR CORRESPONDENT

WASHINGTON — The Bush administration energy plan, due to be sent to Congress this week, contains a bonanza for the auto industry while imposing only one burden.

The plan would allow automakers to claim huge gains in their corporate average fuel economy by producing cars capable of running on both gasoline and alternative fuels. And those gains would come even if, in practice, the cars run on gasoline.

The Energy Department is expected to propose elimination of the limitations on benefits that flow to a company's CAFE rating from the sale of flexible-fuel vehicles. The department also will oppose giving incentives to the oil industry to produce alternative fuels.

Approval is by no means certain in Congress, which is now considering higher fuel efficiency standards and possibly higher taxes on inefficient vehicles.

Under the 1988 Rockefeller-Sharp Act, automakers can claim no more than a 1.2 mpg improvement of their CAFE from using flexible-fuel vehicles. These vehicles can run on gasoline and another fuel, such as methanol or ethanol, or a mixture of two fuels.

Without the cap, manufacturers could earn enormous CAFE credits by using flexible-fueled vehicles. That's because CAFE is calculated on gasoline efficiency.

For example, a car running on M85 (15 percent gasoline and 85 percent methanol) with a 15-gallon fuel tank would hold mostly methanol and just 2.25 gallons of gasoline. If the car gets 20 mpg, it would have a driving range of 300 miles. In the eyes of CAFE rules, each gallon of gasoline powers the car an equivalent of 133 miles.

The removal of the ceiling could greatly benefit companies worried about meeting the current 27.5 mpg CAFE standard and would be especially helpful if Congress enacts higher CAFE demands.

Under the 1990 Clean Air Act, automakers are forced to begin building alternative-fuel vehicles, which could include flexible-fuel vehicles. Automakers have complained the law forces them to sell something for which no demand yet exists.

By elimination of the ceiling on CAFE benefits, automakers would be encouraged to make and sell flexible-fuel vehicles, even if they never run on alternative fuels. This is even more important because the Energy Department has no plan to increase the production and import of non-petroleum fuels, which could seriously dampen demand.

The extra demand on the auto companies in the Energy Department's proposal concerns urban fleet provisions for alternative-fuel vehicles. The provisions go further than those in the 1990 Clean Air Act, and they require single-fuel vehicles using electricity, natural gas, ethanol or methanol.

Starting in 1995, when owners of fleets of vehicles such as delivery vans and taxis buy new vehicles, 10 percent must be made for non-petroleum fuels. By 2000, 90 percent of such purchases would have to be alternative-fuel vehicles.

These rules would cover fleets of 10 or more vehicles in urban areas with problems in meeting national air quality goals and fleets of 20 or more in all metropolitan areas. Rental cars are not affected, but urban buses and city vehicles such as garbage trucks would be.

The only other strategy directly affecting automakers is to encourage getting rid of gas guzzlers. Urban areas heavily impacted by pollution would get credits by buying and junking old cars. The auto industry would benefit from the increased sales opportunity.

Federal fleets get flexible-fuel cars

WASHINGTON — The federal government has purchased its first alternative-fuel vehicles under the Alternate Motor Fuel Act of 1988.

Twenty-five flexible-fuel Chevrolet Lumina sedans are being added to the federal fleet and 40 Ford Taurus models will arrive soon, according to Richard G. Austin of the U.S. General Services Administration. These 1991 models, which can run on methanol or gasoline, are part of a Department of Energy-General Services Administration evaluation of alternative-fuel vehicles.

Eight Chevrolets will go to federal agencies in Washington, 12 to California and five to Detroit.

The distribution of the Fords will follow the same pattern: 15 to agencies in Washington, 15 to Detroit, five to Los Angeles and five to San Diego.

The act encourages the use of alternative fuels by promoting government fleet purchases.

— **Helen Kahn**

NHTSA fears widespread RV seat belt failures

By Joseph Bohn
TRUCK EDITOR

Several van converters failed to meet federal safety standards governing the strength of their seat and/or seat belt attachments in the first government tests in five years on conversion units.

The vehicles' failure to meet Federal Motor Vehicle Safety Standards 210 and/or 207 signals a potentially widespread and serious problem for the industry, since many manufacturers use a common method of anchoring rear seats and/or belts in their vans.

Robert Hellmuth, director of the office of Vehicle Safety Compliance at the National Highway Traffic Safety Administration, said the van conversions that failed will be subject to recall and the agency will continue testing other brands.

"We have found a problem that appears to be widespread, and we are asking the industry to help clean itself up," Hellmuth said. "We hope they make the corrections before we have to jump all over them with both feet."

Helmuth acknowledged that some van converters "have done a terrific job of meeting all the standards."

Mark III Industries of Ocala, Fla., and Custom Craft Vehicles of Milwaukee, for example, have been heavily involved in safety design and testing.

Mark III uses a seven-point safety program to meet or exceed federal standards, and Custom Craft spent $800,000 last year to meet 1992 standards a year early.

Neither NHTSA nor the converters involved in its recent tests has publicly issued recall notices.

The companies that will be recalling vehicles include Starcraft Corp. of Topeka, Ind.; Explorer Van Co. of Warsaw, Ind.; and Van Craft Corp. of Marietta, Ga.

Their products were randomly selected for the NHTSA tests.

Van Craft was tested simply because it had built a special price-leader model for one particular customer in the Washington, D.C., area, and "we just happened to buy that model," said Harry Thompson, chief of the Vehicle Division, office of Vehicle Safety Compliance at NHTSA.

It is difficult to determine how many vans will be recalled or when because tests on additional models are still being made, and then companies have to come up with a satisfactory fix for them and ship parts to dealers, Thompson said.

NHTSA just tested one Explorer model, for example, built on a Chevrolet chassis. Explorer is now having test work done on its other chassis.

"We're still waiting for data from people like Explorer. They're having tests done by reputable independent test labs," Thompson said.

Robert H. Kesler, president and chairman of Explorer Van Co., said in NHTSA's test the heavy 3/16-inch steel plate anchoring one side of a rear seat belt cut through the steel flooring of the vehicle.

He expressed surprise that the steel floor was "not as strong as our anchoring."

He added that all the captain's chairs in the NHTSA test van did meet the seat belt safety standard.

He said Explorer is now working on a retrofit plan for rear seating seat belt anchorages in its vehicles now on the road. It also plans a new front seating system, even though there were no problems with that seat belt system.

Federal Motor Vehicle Safety Standard 210, which went into effect for vans in 1971, requires that a combination seat and shoulder belt system that is all one unit be able to withstand 6,000 pounds of force.

Many converters have been using a seat belt attachment bar for their rear bench-type seats and sofa seats that can pull right through the van's floor, according to industry officials. That's because the gas tank is in the back where the seat is located, and it is difficult to attach the seat belts to the floor.

So, converters often attach the seat belts to a bar that is mounted to the floor at the outboard edges of the vehicle. Frequently, it has only those two attachment points to take a 15,000-pound load. Bench seats typically have three lap-and-shoulder belt systems, each required to have a 5,000-pound force capacity.

"Anyone using a seat belt attachment bar for a bench-type seat or sofa seat is susceptible" to failing the standards, said Thompson.

While Standard 210 involves belts that are not attached to the seats, Standard 207 comes into play if the seat belts are attached to the seat. That is more common with front driver and passenger seats.

Jerome C. Loftus, general counsel for the Recreation Vehicle Industry Association, said he was invited to view NHTSA's van conversion seat tests on Jan. 11, 1991.

"Two of the vans tested used seat belt bars to anchor three seat belts in the rear bench-type seat. In each instance, the seat belt bar pulled completely through the floor when the test force was applied," Loftus said.

One bar was backed with what appeared to be two-inch fender washers with one bolt per side; the other used a steel rectangular backer plate with two bolts per side, Loftus said.

The mid seats of one van failed when the pedestals broke in two, causing the test to be aborted before the full load could be applied, he said. It was determined that a faulty weld on the pedestal caused the breakage.

In testing other pedestal seats in the vans, it was noted that, while the seats did not break loose, they nevertheless bent all the way forward so as to possibly endanger the occupants when coming into contact with rigid parts of the vehicle, Loftus said.

Converters' tests may be flawed

By Joseph Bohn
TRUCK EDITOR

National Highway Traffic Safety Administration and Recreation Vehicle Industry Association officials expressed concern about the way some converters test their vans.

Robert Hellmuth, director of the office of Vehicle Safety Compliance at NHTSA, said often van converters use individual component manufacturers' test data to meet requirements such as Federal Motor Vehicle Safety Standard 210 rather than test the seat system as one unit.

One supplier may make the pedestals, another the seat. "The van converter bolts them together, puts them in a van and hopes they comply with the federal requirement," Hellmuth said.

Such tests also may involve bolting a seat, slide, pedestal and/or belts to a hard surface outside the van where it holds up fine. But the same component may rip through the much thinner-gauge sheet metal floor of a van.

NHTSA said seat belt angles change with the interchange of occupants, and angles for all combinations are not being documented. NHTSA has evidence of seat belt angles of 90 degrees, which exceed the 75-degree requirement in standards 207 and 210.

The agency noted that because of the excursion of the pedestal seats under a load, occupants of these seats may be endangered during a crash because the occupants and the seats will rotate forward, or rearward, and come in contact with rigid parts of the vehicle.

Jerome C. Loftus, general counsel for the Recreation Vehicle Industry Association, said NHTSA's concerns "appear to be valid."

"Any manufacturers who mix components in their vehicle seating systems have an added responsibility to ascertain the validity of the individual component certifications as regards the final seating system," Loftus said.

"Further, a supplier's certification that its individual components can withstand specific forces may mean little or nothing if the manner in which they are installed and/or the vehicle structure into which they are attached cannot withstand the required force when applied to the total seating system." Responsibility for determining and certifying compliance lies with van converters.

RECREATIONAL VEHICLE WHOLESALE DELIVERIES

	December 1990	December 1989	% change	12 mos. 1990	12 mos. 1989	% change
Travel trailers	2,400	2,500	– 4.0	52,500	53,500	– 1.9
Park Trailers	600	400	+ 50.0	7,200	7,400	– 2.7
Travel trailers—fifth wheel	1,200	2,100	– 42.9	27,900	29,400	– 5.1
Folding camping trailers	2,300	3,600	– 36.1	30,700	33,900	– 9.4
Truck campers	400	500	– 20.0	9,700	9,900	– 2.0
Towable RV total	**6,900**	**9,100**	**– 24.2**	**128,000**	**134,100**	**– 4.5**
Conventional (type A)	1,300	2,200	– 40.9	29,000	35,400	– 18.1
Van Campers (type B)	400	400	0.0	5,900	5,000	+ 18.0
Chopped vans (all)	700	900	– 22.2	17,400	20,800	– 16.3
Motor home total	**2,400**	**3,500**	**– 31.4**	**52,300**	**61,200**	**– 14.5**
Van conversions	6,900	14,700	– 53.1	174,200	200,400	– 13.1
TOTAL ALL RVs	**16,200**	**27,300**	**– 40.7**	**354,500**	**395,700**	**– 10.4**

Source: Recreation Vehicle Industry Association

Coachmen's Vision

Coachmen Vans of Elkhart, Ind., has introduced a new full-sized van, the Vision 2000. Standard are custom four-color graphics and color TV with VCR. It carries a $30,000 sticker price and is available on Ford, Dodge and Chevrolet chassis.

Ford adding converters to van pool

By Joseph Bohn
TRUCK EDITOR

Ford Motor Co. has renewed its efforts to qualify and sign new pool accounts, according to Jerome Mittman, Ford Division RV sales manager.

Mittman said the company wasn't very active in adding new accounts during the second half of last year, but it renewed its efforts in January.

A pool account is a converter or second-stage manufacturer that has passed engineering and financial reviews by a manufacturer like Ford and qualifies to receive chassis under special agreements with the manufacturer.

Pool accounts qualify for a reduced 90-day interest rate of one to four percentage points, depending on their volume, on the chassis they buy from Ford. After 90 days, they pay the same prime rate plus 1 percent that dealers pay on units in inventory.

The purpose of a pool account is to provide quality aftermarket products to dealers and retail customers on a timely basis, Mittman said.

Ford has had a significant increase in the number of van chassis going through its pool system, as a result of tighter chassis controls.

Two years ago, only about 40 percent of its vans were being converted by pool accounts. Now, it's about 70 percent.

Ford plans to add 30 companies to its pool system and have them convert about 90 percent of its chassis by fall.

Ford, like Chevrolet, GMC and Dodge, still has to contend with industry attrition caused by the weak market.

Bivouac Industries of Vandalia, Mich., Ford's No. 2 pool account last year, is gone, Mittman confirmed. Its plant and assets are for sale.

Bivouac's abrupt departure highlights the rapidly changing ranks of high-volume converters.

Starcraft Corp. of Topeka, Ind., ranking seventh with Ford at the end of December, has also dropped from the the top 10, as has Ger-Win Vans Inc. of Bristol, Ind., which ranked eighth in volume.

Ford's top eight pool accounts are: Glaval Inc. of Elkhart, Ind.; Mark III Industries of Ocala, Fla.; Waldoch Crafts Inc. of Forest Lake, Minn.; Sherrod Vans of Jacksonville, Fla.; Tiara Motor Coach of Nappanee, Ind,; Royal Vans of Texas of Round Rock, Texas; Kentron Inc. of Elkhart; and Winnebago Industries of Forest City, Iowa.

The introduction of the restyled 1992 Econoline should give converters a shot in the arm this fall.

Glaval, by virtue of being Ford's top account, received the assignment to convert a 1992 model Econoline, which was displayed at the Chicago auto show.

Mittman feels the new Econoline will provide "significant opportunities to van converters and other modifiers to revise their styling to take advantage of a new look for a totally new product."

"It's a key opportunity for converters, we hope to stimulate Ford dealer enthusiasm and more retail enthusiasm," he added.

Mittman said the improved Club Wagon will not affect sales of Econoline conversions because Ford will not offer the unique features provided by converters.